FBIS DAILY REPORT

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CSSR-USSR MILITARY EXERCISE CONCLUDES 21 JULY

LD211819 Prague CTK in English 1615 GMT 21 Jul 87

[Text] Prague July 21 (CTK) -- Joint Czechoslovak-Soviet military exercises, which started on July 15 under the direction of commander of the Central Group of Soviet Forces in Czechoslovakia Colonel-General Viktor Yermakov, ended today.

They were aimed at improving field training.

34 observers from 18 countries followed the exercises in accordance with the final document of the Stockholm Conference.

BRIEFS

CEMA AGRICULTURAL COOPERATION -- The deepening of cooperation in the agricultural and foodstuffs industry was discussed at the most recent working meeting between the presidents of the agricultural academies and the directors of central agricultural-scientific institutions of the CEMA countries in Krasnodar. In accordance with the "Comprehensive Program for Scientific and Technological Progress Through the Year 2000," tasks in the field of biotechnology and introducing electronics into agriculture will be given priority. [Summary] [East Berlin NEUES DEUTSCHLAND in German 20 Jul 87 p 2 AU]

ALIA GREETS POLAND'S JARUZELSKI ON NATIONAL DAY

AU221140 Tirana ATA in English 0730 GMT 22 Jul 87

[Text] Tirana, July 22 (ATA) -- The President of the Presidium of the People's Assembly of the People's Socialist Republic of Albania, Comrade Ramiz Alia, sent the following message of greetings to Wojciech Jaruzelski, chairman of the Council of State of the People's Republic of Poland:

"On occasion of the National Day of the People's Republic of Poland, in the name of the Presidium of the People's Assembly and in my own name, I convey to you the best greetings and wishes for the happiness and prosperity of the Polish people."

KAMBERI, PLAKA, AJAZI AT POLISH EMBASSY RECEPTION

AU221255 Tirana ATA in English 0745 GMT 22 Jul 87

[Text] Tirana, July 22 (ATA) -- On occasion of the National Day of Poland, the charge d'affaires a.i. of the Embassy of the People's Republic of Poland to the People's Socialist Republic of Albania, Wladyslaw Ciaston [as received] gave a reception on July 21.

Present at the reception were the minister of health, Ahmet Kamberi, the vice-minister of foreign affairs, Sokrat Plaka, the vice-minister of foreign trade, Pajtim Ajazi, and other guests. Attending were also heads and functionaries of the diplomatic representations accredited to the People's Socialist Republic of Albania.

YOUTH ORGANIZATION TO HOLD CONGRESS 22 OCTOBER

AU221139 Tirana ATA in English 0735 GMT 22 Jul 87

[Excerpt] Tirana, July 22 (ATA) -- The plenum of the Central Committee of the LYUA [Labor Youth Union of Albania] convened in one of the halls of the Palace of Culture in the capital. The plenum of the Central Committee of the LYUA decided that the Ninth Congress of the Labor Youth Union of Albania convene on October 22, 1987, in Tirana. [passage omitted]

DISTRICTS REPORT WHEAT HARVEST RESULTS

AU221341 Tirana ZERI I POPULLIT in Albanian 18 Jul 87 p 1

[Editorial Report] Tirana ZERI I POPULLIT in Albanian of 18 July 1987 publishes on page 1 a 400-word ATA report on the completion of the wheat harvest in Shkoder District: "The wheat production plan was overfulfilled by 16,500 quintals, with an average yield of 34.5 quintals per hectare over the entire acreage of 9,220 hectares, or 6.7 quintals per hectare more than in the previous year."

ZERI I POPULLIT on 19 July also publishes on page 1 a 500-word ATA report on harvesting results in Kruje District: "An average yield of 39.5 quintals per hectare was attained over a total acreage of 6,180 hectares, or 2.2 quintals more than stipulated in the plan." This is reported to be the best ever result attained and the wheat production plan is stated to have been overfulfilled by 16,400 quintals.

BRITISH EXPULSION OF MILITARY ATTACHE 'GROUNDLESS'

AU221801 Sofia BTA in English 1727 GMT 22 Jul 87

["Groundless and Arbitrary Act" -- BTA headline]

[Text] Sofia, July 22 (BTA) -- On July 21, Mr Filip Bokov, charge d'affaires of Bulgaria in London, was invited to the U.K. Foreign and Commonwealth Office, where he was told that the British side insisted that Colonel Ivan Pavlov Dzhambov, the Bulgarian military attache in London, be recalled because he engaged in what was termed "activities incompatible with his diplomatic status".

The British side has failed to provide any explanation of the case or to produce any evidence of Col. Dzhambov's having engaged in illegal intelligence gathering.

It is puzzling that one such act should be undertaken at a time when Bulgaro-British relations are registering new progress in various fields of cooperation.

The Ministry of Foreign Affairs of the People's Republic of Bulgaria regard the aforementioned decision of the British side as a groundless and arbitrary act, incompatible with the normal development of relations between the two countries, and they reserve the right to react in an appropriate manner.

EDITORIAL ARTICLE ASSESSES GENSCHER VISIT

AU220827 Sofia RABOTNICHESKO DELO in Bulgarian 21 Jul 87 p 1

[Editorial article: "Bulgaria -- FRG: New Impetus for Bilateral Relations]

[Text] The assessment that Bulgarian-FRG relations have a stable foundation and that they are developing along an ascending line, was convincingly confirmed during the official visit of Hans-Dietrich Genscher, FRG vice chancellor and minister of foreign affairs.

At the reception given for the distinguished guest by Todor Zhivkov, chairman of the State Council, the talks with Georgi Atanasov, chairman of the Council of Ministers, and the exchange of opinions with Petur Mladenov, minister of foreign affairs, it was stressed that the visit of the first Bulgarian leader in the FRG had an exceptionally strong influence on the development of Bulgarian-FRG relations. Its results became a new starting point for developing and strengthening bilateral cooperation, and strengthening peace and security in Europe and the world.

It is well known that the FRG heads the list of Bulgaria's West European trade partners. The agreement on protecting investments, which improved the conditions of economic production sharing, corresponds to the modern requirements to increase the efficiency of Bulgarian-FRG economic cooperation. The further establishment of direct production relations between small and medium-size FRG enterprises with similar Bulgarian enterprises facilitates the implementation of the same goal. The treaty on avoiding double taxation and the recently created joint bank will also facilitate the more active development of our trade relations.

Our country's increased economic potential, open economy, and strategic course toward a new qualitative growth in all areas, motivate the growing interest of the FRG's business circles in developing new forms of bilateral cooperation and implementing joint projects in third countries' markets.

As states with different social systems, belonging to different military-political alliances, Bulgaria and the FRG described the present situation in Europe as being a crucial moment that creates real opportunities of excluding war from international relations. The two countries consider a USSR-U.S. agreement on eliminating medium-range missiles in Europe by the end of the year, followed by an agreement on removing operational-tactical from Europe, as the first important step in this direction. This would give an impetus to disarmament in other areas. There are also encouraging possibilities for destroying chemical weapons.

The turn from confrontation toward broad peaceful cooperation between East and West would confirm the effectiveness of the unique principles incorporated in the Helsinki Final Act. Establishing official relations between CEMA and the EEC, and expanding contacts between the Warsaw Pact and NATO would be a convincing expression of the new political thinking, which is so necessary today. The proposals of the Berlin meeting of the Warsaw Pact Political Consultative Committee create a reliable basis for achieving this goal.

The Sofia talks of the leader of the FRG diplomacy confirmed the expectations for fruitful results, because they specified the agreements achieved at the highest level Bonn meetings. Bulgaria and the FRG produced further proof that dialogue and cooperation are the only way to activate East-West relations in the name of world peace and security.

PAPAZOV ACTIVITIES IN JAPAN REPORTED

AU221416 Sofia BTA in English 0919 GMT 22 Jul 87

[Text] Tokyo, July 22 (BTA correspondent) -- Mr Nacho Papazov, chairman of the Central Auditing Commission of the BCP, visited Japan at the invitation of the Central Committee of the Japanese Communist Party.

Mr Nacho Papazov had talkd with the Japanese Communist Party founder and honorary chairman Mr Sanzo Nosaka, with the chairman of the CC of the JCP Mr Kenji Miyamoto, and with other leading party functionaries. The participants in the talks emphasized on the coincidence of the two parties' views on the most important problems of our time. The JCP officials commended the significance of the talks between Mr Todor Zhivkov and Mr Miyamoto in May 1985. According to them these talks further strengthened and broadened the bilateral cooperation between the two countries. During his meeting with the Bulgarian delegation, Mr Nosaka told his guests about his work in the Communist International with Georgi Dimitrov, an outstanding figure in the international communist and working-class movement.

The two sides to the talks noted the common desire of their parties to further broaden their cooperation, and discussed ways in which the relations between the Bulgarian Communist Party and the Japanese Communist Party may be broadened.

POLISH EMBASSY RECEPTION MARKS HOLIDAY

AU221931 Sofia Domestic Service in Bulgarian 1900 GMT 22 Jul 87

[Text] Wieslaw Bek, ambassador extraordinary and plenipotentiary of the PPR to our country, gave a reception at his embassy in Sofia tonight on the occasion of the Polish national holiday.

The reception was attended by Comrades Milko Balev, Petur Tanchev, and Dimitur Stanishev, as well as by Kiril Zarev, deputy chairman of the Council of Ministers; by secretaries of the Bulgarian National Agrarian Union [BZNS] permanent board, and leaders of sociopolitical and mass organizations, as well as journalists and cultural figures, chiefs and members of diplomatic missions accredited in our country.

DEPUTY MINISTER GANEV IN JORDAN 18-20 JULY

AU211831 Sofia BTA in English 1756 GMT 21 Jul 87

[Text] Amman, July 21 (BTA) -- Mr. Ivan Ganev, deputy foreign minister of Bulgaria, visited Jordan from July 18 through 20, 1987. He was received by Mr. Tahir al-Masri, minister of foreign affairs of Jordan, and by Mr. 'Abd al' Aziz al-Khayyat, minister of Waqfs [Islamic Affairs and Holy Places] and religious affairs. The Bulgarian deputy foreign minister discussed with his hosts the bilateral relations and certain international issues.

ZHIVKOV GREETS ORTEGA ON ANNIVERSARY

AU220935 Sofia RABOTNICHESKO DELO in Bulgarian 19 Jul 87 p 1

[Text] Todor Zhivkov, general secretary of the BCP Central Committee and State Council chairman, has sent the following message to Daniel Ortega Saavedra, coordinator of the Executive Commission of the National Leadership of the Sandinist Front for the National Liberation of Nicaragua and president of the Republic of Nicaragua:

Esteemed Comrade Ortega,

I am pleased to send you, the National Leadership of the Sandinist Front for National Liberation, and the entire Nicaraguan people most cordial greetings on the eighth anniversary of the victory of the Sandinist People's Revolution -- the national holiday of the Republic of Nicaragua.

The period since 19 July 1979, when Nicaragua's working people under the leadership of the Sandinist Front for National Liberation decisively removed the chains of oppression and backwardness and selected the road of independent development and social progress, is a period of construction and self-assertion on the part of free and democratic Nicaragua. Despite the efforts of the forces of reaction, the just cause of the Sandinist people's revolution, achieved at the price of so many sacrifices, is living, strengthening, and developing.

With its constructive policy of good-neighborliness and just cooperation, the Republic of Nicaragua, which is actively and consistently defending its right to sovereignty and self-determination, deservedly achieved great international prestige, as well as the sympathy and support of all freedom-loving forces in the world.

I am convinced that the fruitful development of friendly relations and cooperation between the BCP and the Sandinist Front for National Liberation, and between our countries and peoples, will continue to expand and strengthen, inspired by the human aspiration for peace, international understanding, and social progress.

BCP CC MESSAGE TO BRAZILIAN CP CONGRESS

AU220934 Sofia RABOTNICHESKO DELO in Bulgarian 20 Jul 87 p 6

[Report on the BCP Central Committee greetings message to the eighth congress of the Brazilian Communist Party, read at the congress on 19 July by Stanish Bonev, leader of the BCP delegation to the congress, member of the BCP Central Committee, and rector of the Academy of Social Sciences and Social Management]

[Text] We sincerely rejoice at the fact that, after decades of illegal activity, the party of Brazilian Communists can openly and freely organize its congress, the message reads. This became possible thanks to the democratization of the country's public life, something to which your party contributed, along with other democratic and progressive forces.

We Bulgarian Communists are familiar with the heroic and difficult struggle of the Brazilian Communist Party to defend the interests of the broad people's masses against imperialism and reaction, and for peace and social progress, the message reads. Today, at the stage of scientific-technical revolution and under conditions of unprecedented acceleration and complication of social development, there is growing responsibility on the part of the revolutionary forces not only to preserve their forces, but to increase them. The creative discourse conducted at the congress, the reevaluation of the party's activity to date, and the spirit of self-criticism, evident at the congress are a solid precondition for increasing its influence and authority, and expanding its unity of action with other leftist, democratic, progressive, and peace-loving forces in the interest of the Brazilian people.

We live at a responsible and crucial moment of mankind's development, when the issue of preventing nuclear war and saving civilization is being posed with exceptional sharpness, the message reads further.

The BCP, loyal to its peace-loving foreign policy, actively supports and participates in implementing the bold and consistent initiatives of the USSR and the other socialist countries to decrease international tension and finally save mankind from the weapons of mass destruction. The results of the May Berlin meeting of the Warsaw Pact Political Consultative Committee are a bright example of a responsible approach toward the future. In the spirit of the new political thinking, the Berlin meeting unequivocally confirmed the defensive character of socialism's defensive doctrine, and made broad proposals for nuclear disarmament, overcoming underdevelopment, and establishing a new international economic order.

We are convinced that solving the world's global problems and reaching real disarmament in the name of development is possible only through the active cooperation of all democratic and progressive forces, regardless of their political orientation.

The People's Republic of Bulgaria is struggling to strengthen peace, security, and cooperation in the Balkans and turn this into a zone free of nuclear and chemical weapons, the message reads.

The Bulgarian Communists highly assess the Brazilian proposal to turn the southern Atlantic into a zone of peace and cooperation, Brazil's active participation in the group in support of peacefully solving the Central American conflict, and its efforts, together with the other Latin American countries, to restructure international economic relations on an equally just and democratic basis, and justly solve the problem of exessive foreign debt.

The humane aspirations for peace and nuclear-free future are closely connected with the aspirations of the Latin American nations toward an independent and democratic development without foreign interference and toward peace and social progress.

The message confirms the firm solidarity of the BCP and the entire Bulgarian people with socialist Cuba, revolutionary Nicaragua, the struggle of the El Salvadorean patriots, and the peoples of Chile and Paraguay.

The message further stresses that the main task of the Bulgarian Communists now is to implement the decisions of the 13th BCP Congress, which outlined a strategic course of new qualitative growth in the economy and all areas of life, the revolutionary renewal of our society on the basis of the scientific-technical revolution, and combining this revolution with the advantages of socialism. The goal is to place Bulgaria among the most developed states in the world from economic and cultural points of view, succeed in better satisfying the people's multisided needs, and increase the Bulgarian contribution to strengthening the attractive power of socialism.

In conclusion, the BCP Central Committee message expresses the conviction that relations between the BCP and the Brazilian Communist Party will continue to develop on the basis of Marxism-Leninism and proleterian internationalism, and in the interest of our fraternal parties, the two countries, the Bulgarian and Brazilian nations, and the cause of peace and socialism.

BRIEFS

SPACE RESEARCH SYMPOSIUM -- Sofia, July 17 (BTA) -- An international symposium organized by the Space Research Institute with the cooperation of COSPAR (the International Commitee on Space Research) and the International Astronautics Federation was held here. Over 200 researchers from 17 countries discussed data collected over the last three years. The authors of the 70 reports and 150 announcements agree that there exist now the research and technological conditions for the dynamic development of space astronomy. Mr Luchezar Filipov, head of the Space Astronomy Division of the Space Research Institute, told a BTA reporter that all participants have approved the principle that cooperation in both experimental work and fundamental studies is the only correct approach to studying space. The guests have praised Bulgaria's contribution to the study of the universe. It was decided to hold the next symposium on the physics of compact space objects in three years' time in Sofia. [Text] [Sofia BTA in English 1606 GMT 17 Jul 87 AU]

NEW BANK FOR CONSTRUCTION -- The Construction Bank was established on 8 July at a general meeting of the shareholders, namely, the Bulgarian National Bank, the Bulgarian Foreign Trade Bank, and the self-managing economic organizations that are the main members of the "Building and Construction Industry" Association. The bank is being formed as a shareholders' company in fulfillment of the party and government decisions on restructuring the banking system with the aim of turning it into a powerful financial and credit lever for accelerated development of the economy, planning, construction, and the building industry. The meeting adopted the statute of the bank and elected leading and control organs. Khristomir Yordanov was appointed chairman of the Construction Bank and Georgi Grigorov, chairman of the "Building and Construction Industry Association," was appointed chairman of the shareholders' council. [Text] [Sofia ZEMEDELSKO ZNAME in Bulgarian 7 Jul 87 p 2 AU]

JOINT USSR BANKING COOPERATION -- Sofia, July 13 (BTA) -- The Bulgarian Foreign Trade Bank and the Foreign Trade Bank of the Soviet Union have signed an agreement on payments and accounting of the direct cooperation and techno-scientific ties. This is the first such agreement to be signed between banking institutions of socialist countries. An agreement was also signed on the broadening of the cooperation in the field of banking. The agrement on payments allows the economic organizations of the two countries to use in their transactions both the collective currency the ruble and their national currencies. The documents were signed by Mr Ivan Dragnevski, first vice chairman of the Bulgarian People's Bank and chairman of the Bulgarian Foreign Trade Bank, and Mr Yuriy Ivanov, first vice president of the Soviet State Bank and president of the Foreign Trade Bank of the Soviet Union. The two officials told a BTA reporter that this unique agreement will contribute to the development of direct ties between the economic organizations and will facilitate the efficient development of new forms of socialist economic integration. [Text] [Sofia BTA in English 1424 GMT 13 Jul 87 AU]

JOINT SHIPBUILDERS' COOPERATION -- An agreement on direct production, scientific, and technical links in the manufacture and exchange of ship components and consumable commodities was signed in Varna by representatives of the "Shipbuilding" Economic Trust and the "Koraboimpex" enterprise on the Bulgarian side, and representatives of "Proletarskiy Zavod" Scientific-Production Association and the Sudozagranpostavka Foreign Trade Association on the Soviet side. The period of cooperation in this field will be until 1990. [Text] [Sofia RABOTNICHESKO DELO in Bulgarian 16 Jul 87 p 6 AU]

NEW ELECTRIC POWER LINE -- Varna (okrug correspondent Dimitur Khadzhistoyanov) -- The "Elektroprenasyane 750" project, as the 750 kilovolt electric power line is referred to in the official orders, is already a reality. One cannot encompass the whole installation in one glance. There are 318 pylons extending over more than 80 km. From the construction headquarters one can only see the buildings of the substation, and the first few widely splayed steel monsters. Everything here is unique. For example, each of the two transformer groups in the substation have an output equal to that of the Varna thermoelectric power plant. Transformers of this type have hitherto been installed only in a few countries in the world. The ones used here are of Soviet manufacture, designed by the Zaporozhtransformator Association. A group of experienced Soviet specialists took part in installing and preparing them for commissioning. [Excerpt] [Sofia RABOTNICHESKO DELO in Bulgarian 1 Jul 87 pp 1, 2 AU]

AUSTRIAN DIALOGUE 'CONSTRUCTIVE AND SUCCESSFUL'

AU221639 Prague RUDE PRAVO in Czech 20 Jul 87 p 7

[Dusan Rovensky commentary in the "Notes" column: "Constructive Dialogue"]

[Text] A bilaterally advantageous cooperation corresponds to the interests of both the CSSR and Austria and also serves peace and European society. The present international situation demands that all states participate more actively in normalizing the international relations and consolidating peace and mutual understanding. These thoughts were emphasized during the reception of Alois Mock, Austrian vice-chancellor and minister of foreign affairs, by Gustav Husak, CPCZ Central Committee general secretary and CSSR president.

The Austrian politician's visit, which took place at the invitation of Bohuslav Chnoupek, CSSR minister of foreign affairs, resulted in a number of ideas on the further improvement of Czechoslovak-Austrian relations. In the recent period these relations have been developing positively. The CSSR-Austrian dialogue is now occurring at a time when it is important to improve both the international situation, and our bilateral relations. The present period is providing us with an opportunity to take a significant step toward the peaceful development of the world.

The conclusion of a Soviet-U.S. agreement on medium-range and operational-tactical missiles would make a considerable impact on the development of international relations. It could even become an impulse for concluding further significant agreements and conventions, for instance on banning chemical weapons. The CSSR's standpoints on these weighty international issues were conveyed very clearly during the CSSR-Austrian dialogue. It is gratifying that the Austrian stands on key international issues were either concurrent or close.

The talks devoted considerable attention to bilateral relations, and a number of interesting and constructive suggestions were voiced. Let us mention, for instance, the suggestions for economic cooperation, and particularly its higher and more effective forms; or the interesting Austrian proposal on the industrial use of the Danube; or suggestions on cooperation in third countries; and so forth. Likewise, considerable attention was devoted to the issue of environmental protection and a corresponding CSSR-Austrian agreement was signed toward the end of the negotiations. In September three groups of experts will start work on the common issues connected with the developmet of tourism, cultural contacts, and the increased supply of data on nuclear power plant operations. The CSSR-Austrian dialogue is both constructive and successful. It will undisputably contribute toward a further deepening of our mutual relations.

CONFERENCE ON AGRICULTURE, FOOD ISSUES REPORTED

AU210852 Prague RUDE PRAVO in Czech 16 Jul 87 pp 1, 2

["nn"-signed report: "Reserves Lie in Higher Standards of Management Work"]

[Excerpt] Prague (From our correspondent) - A statewide conference of the leading officials of party, state, economic, and social agencies and organizations from the branches of the Ministries of Agriculture and Food and of Forestry and Water Management was held on the premises of the CPCZ Central Committee in Prague on Wednesday [14 July]. [paragraph continues]

It was also attended by the secretaries of regional party committees for agriculture.

In keeping with the conclusions adopted by the CPCZ Central Committee Presidium on 13 July 1987, the conference discussed the evaluation of results achieved in the fulfillment of the state plan for the first half-year of 1987, and preparations for the 1988 plan. It also dealt with the course to be taken in restructuring the economic mechanism in the branches mentioned above.

The conference was chaired by Frantisek Pitra, candidate member of the CPCZ Central Committee Presidium. Also present were Ignac Janak, candidate member of the CPCZ Central Committee Presidium and Central Committee secretary of the Slovak Communist Party (CPSL); Rudolf Vanco, head of CPSL Central Committee department; Miroslav Toman, CSSR deputy premier and minister of agriculture and food; and the national ministers of agriculture and food, and of forestry and water management.

In his statement Comrade Pitra critically pointed out the weaknesses in this yer's plan fulfillment, particularly in the sphere of animal production, food industry, and capital construction. He devoted considerable attention to problems in fulfilling planned qualitative economic indexes. "We cannot wait," he said, "until the principles of restructuring the economic mechanism become valid, or believe that this basic step will be a 'universal remedy.' We want to limit neither living standards, nor capital construction. If we want to implement the congress conclusions on the use of the values created, we must also accomplish the present tasks in creating them."

He said the main course of the shortcomings was the low standard of management and organizational work, which is not up to the requirements formulated by the 17th CPCZ Congress. Problems are cropping up not only in agriculture itself, but also in most sectors of the food industry. Solving them is being put off until the end of the year, and certain economic production units are even now indicating that they will not fulfill this year's plan. The insufficiently effective assistance most economic production units give to solving the problems in enterprises that are lagging behind was also critically evaluated. "In all places which are not coping with the planned tasks," Comrade F. Pitra then pointed out, "it is necessary to step up demands on the executive staff, and also their responsibility for the reliable, qualitative ensuring of production tasks, and for increased efficiency."

He also characterized in detail the most important tasks connected with restructuring our economic mechanism in agriculture and the food industry, as well as the tasks which must be ensured in the economic production units and enterprises of ministerial branches in connection with the discussion that is to be conducted on the draft law on state enterprise. In the discussion a number of comrades spoke not only about the problems that are preventing the achievement of better results, but above all about ways to solve them. [passage omitted]

PUBLIC CATERING SECTOR CRITICIZED FOR LOSSES

AU211304 Prague RUDE PRAVO in Czech 17 Jul 87 p 1

[CTK report: "In Order to Improve The Domestic Market"]

[Excerpt] Prague (CTK) -- A party economic aktiv on the fulfillment of tasks after the 17th CPCZ Congress and on restructuring the economic mechanism in commerce and public catering in the Czech SR was held in Prague on Thursday [16 July]. [paragraph continues]

The deliberations were attained by Karel Hoffmann, member of the Presidium and secretary of the CPCZ Central Committee; Miroslav Toman, CSSR deputy premier and federal minister of agriculture and food; Josef Rab, minister of trade of the Czech SR; Jaroslav Zelko, minister of trade of the Slovak SR; and other party and government officials.

In the opening part of his speech, Josef Rab noted shortcomings in his sector, above all, the unsatisfactory supply of many types of goods to the market and problems with quality. He said, that the shortcomings have their root, above all, in the enduring imbalance in domestic trade, which creates an atmosphere of chasing after goods, ignoring the interests of the consumer, and other negative phenomena, even as far as corruption.

Josef Rab further spoke about issues connected with restructuring the economic mechanism in commerce. He stressed that this involves considerably greater responsibility on the part of enterprises, oriented, above all, toward satisfying consumers demand, and ensuring the proper standard of services and economic results. The new economic mechanism will also preclude the harmful consequences of the present-day manner of planning, which is not capable of registering true developments in consumer demand and its fluctuation. Beginning 1 January 1988, selected commercial organizations in the Czech SR will begin experimenting with this new mechanism.

Something which is totally unsatisfactory now is the overwhelming number of loss-making public catering organizations, in which the most marked shortcoming is lack of honesty. The objective of the new catering management mechanism is, above all, to eliminate the losses already in 1988. As of the subsequent year, no subsidies will be granted to enterprises for economic results. [sentence as published] [passage omitted]

JAKES ADDRESSES ASSEMBLY DEPUTIES ON RESTRUCTURING

LD062019 Prague CTK in English 1700 GMT 6 Jul 87

[Text] Prague July 6 (CTK) -- The group of communist deputies of the Czechoslovak Federal Assembly held a session here today, attended by deputies of other political parties, deputies without polital affiliation and a delegation of deputies of the Czech and Slovak national councils. The meeting was presided by first deputy chairman of the Federal Assembly and chairman of the club [group] Jan Marko.

Czechoslovak Communist Party Presidium member and Central Committee Secretary Milos Jakes informed the participants of the state of work on the restructuring of Czechoslovakia's economic mechanism, preparations of a law on the state enterprise as well as of the implementation of the tasks of the state plan of development of the national economy this year.

Milos Jakes stressed that the aim of restructuring the management of Czechoslovak society is to overcome the extensive development of the economy, to replace the so far prevailing administrative methods of management of the national economy by economic methods and to involve workers in the management of the socialist economy to a greater extent.

Similarly as in the Soviet Union, restructuring will influence all spheres of life of society. It will change the methods and style of work as well as the content of the activity of Party and State bodies and organizations and all sections of the National Front.

Milos Jakes announced that 12 laws will be either amended, issued or abrogated, such as those on national economic planning, the competence of federal ministries, foreign currency, economic contacts and foreign countries, the labour code and others. The text of a draft law on the state enterprise will be published on July 18 for a public debate. He emphasized that the public debate must be linked with effort to implement the tasks of the 1987 plan and properly prepare and implement the 1988 plan.

Our major task is to make every effort to acquaint all Czechoslovak workers with the intentions and content of the law so that they could understand it properly and participate in its realization, Milos Jakes stressed.

The participants in the session supported in an adopted resolution the efforts of the Czechoslovak Communist Party aimed at solving the most topical economic questions of the present and appreciated the inspiring example of Soviet Communists in the process of the restructuring of socialist society.

BUILDERS IN KRIVOY ROG BEHIND SCHEDULE

AU171104 Bratislava PRAVDA in Slovak 15 Jul 87 p 2

[Report by Bratislava PRAVDA staffer Jan Dulin: "First Half-Year At the Construction Site of the Krivoy Rog Mining-Enrichment Combine; They Were and Are Prepared To Do More"]

[Excerpts] The approval at the beginning of the year of the construction schedule for the Krivoy Rog mining-enrichment combine in Dolinskaya, and the combined socialist pledge immediately afterward of all Czechoslovak organizations participating in the construction of this important project of international socialist economic integration provided the basis for an all-out offensive by our builders.

However, the half-year mark shows that several set goals have had to be reduced. Particularly the progress of work on industrial construction is lagging behind resolutions. This also fully applies to builders from the Metallurgical Construction Engineering Works of Kosice, which, as a main supplier for the industrial part of the project, represents the Slovak building sector at the combine construction site. [passage omitted]

"Why should we keep it secret that we cannot be satisfied with the results. We were prepared to do more and we wanted to do more. The original breakdown of tasks for the first half-year charged us with carrying out work worth Kcs118 million. However, in view of the reduction of this year's plan, we cannot regard the Kcs101 million we did achieve to be a failure," says Engineer Jan Frajt, director of Enterprise 40 of the Metallurgical Construction Engineering Works and deputy chairman of the CPCZ's All-Construction-Site Committee at the KTUK [expansion not known] in Dolinskaya.

The Kosice construction crews -- together with their suppliers from the Industrial Construction Engineering economic production unit -- expected to carry out Kcs343 million worth of work this year, as directed by the plan. However, in view of problems in the geological survey, with the deliveries of prefabricated piles, and the preparation of the documentation for the project, this year's plan for the industrial part of the project was adjusted at the beginning of June in the presence of a CSSR Government plenipotentiary, to Kcs630 million. Thus the final task of Kosice Metallurgical Construction Engineering Works and its subcontractors, amounting to Kcs239 million is more than Kcs100 million lower than originally envisaged. [passage omitted]

At the construction site of the Krivoy Rog mining-enrichment combine in Dolinskaya, time dictates that we step on the gas. [passage omitted]

STATE OF NUCLEAR POWER PLANT CONSTRUCTION REPORTED

AU171224 Prague RUDE PRAVO in Czech 15 Jul 87 p 2

[CTK report: "At the Nuclear Power Engineering Sites"]

[Text] Prague (CTK) -- In southern Moravia preparations are culminating for the start-up of test operations in the fourth and last block of the Dukovany nuclear power plant. The block is currently being comprehensively tested and it is certain that the initiating for opening test operations on 31 July 1987 will be adhered to.

At the construction site of the Mochovce nuclear power station they are now eliminating the delays in construction work. Work on the technological part of the project continues in harmony with the construction schedule.

Our first "1,000 megawatt" nuclear power plant in Temelin, in southern Bohemia, is also under construction. Work is currently underway on the cooling towers, on buildings for the auxilliary operations, and on concreting the pumping station. Construction of the Hnevkovice water reservoir on the Vltava river, which will serve to supply cooling water has also started.

At the press conference which was held in Prague on Tuesday [14 July], and which was attended by Jozef Keher, CSSR government plenipotentiary for the construction of nuclear power plants and CSSR deputy minister of fuel and power engineering, as well as by other management staff, journalists were also briefed in detail on the negotiations conducted on 8 and 9 July in Moscow by the CSSR deputy premier and the deputy chairman of the USSR Council of Ministers on further cooperation in the development of nuclear power engineering in the CSSR up to the year 1990.

BRIEFS

PRC JUSTICE DELEGATION VISIT -- A delegation of the PRC Ministry of Justice, led by Vice Minister Lu Jian, arrived in Prague on 17 July at the invitation of the Czech and Slovak ministers of justice. During its stay, the delegation will acquaint itself with various issues related to the judiciary. [Summary] [Bratislava] PRAVDA in Slovak 18 Jul 87 p 2 AU]

FOJTIK RECEIVES PRESS DIRECTORS -- Jan Fojtik, candidate member of the Presidium and secretary of the CPCZ Central Committee, received general directors of the Bulgarian SOFIAPRESS and the Polish INTERPRESS news agencies, Stefan Petrov and Jan Grzelak, in Prague on 16 July. They discussed issues connected with making information policy more effective and the deepening of cooperation among the news agencies of the socialist countries. [Summary] [Prague RUDE PRAVO in Czech 17 Jul 87 p 2 AU]

IRAQI NATIONAL DAY RECEPTION -- Muntir Ahmad al-Mutlaq, ambassador of the Republic of Iraq to the CSSR, gave a reception on the occasion of the Iraqi national day in Prague on 16 July. The reception was attended by Deputy Chairmen of the CSSR Federal Assembly Zbynek Zalman and Bohuslav Kucera, as well as other representatives of CSSR political and public life and members of the Prague diplomatic corps. [Text] [Prague RUDE PRAVO in Czech 17 Jul 87 p 2 AU]

ZIMBABWEAN TRADE UNION COOPERATION -- Bratislava July 22 (CTK) -- The official delegation of the Zimbabwe Congress of Trade Unions (ZCTU) led by First Vice President Lovemore Matombo [name as received] visiting Czechoslovakia at the invitation of the Central Council of Trade Unions (CCTU), ended talks with its deputy chairman and chairman of the Slovak Trade Union Council Ivan Gonko here today. Representatives of the Czechoslovak Central Council of Trade Unions and the Zimbabwe Congress of Trade Unions discussed some questions of cooperation between the two countries' trade union organizations and also several possibilities of further increasing mutual contacts. At the end of the talks Ivan Gonko and Lovemore Matombo signed the plan for cooperation between the CCTU and ZCTU for 1988 and 1989. The ZCTU delegation ended their visit to Slovakia this evening. On the program of their five-day stay is also a visit to the town of Kladno (Central Bohemia) and to the spa Karlovy Vary. [Text] [Prague CTK in English 1933 GMT 22 Jul 87 LD]

LEADERS ATTEND POLISH RECEPTION -- Andrzej Jedynak, the Polish ambassador to Czechoslovakia, gave a gala reception in Prague today on the occassion of his country's national holiday, the 43rd anniversary of the establishment of the PPR. It was attended by Vasil Bilak, member of the Presidium and secretary of the CPCZ Central Committee; Josef Haman, candidate member of the Presidium and secretary of the CPCZ Central Committee; Mikulas Beno, secretary of the CPCZ Central committee; and Jaroslav Hajn, chairman of the CPCZ Central Control and Auditing Commission. Heads of CPCZ Central Committee departments, vice-chairmen of the Federal Assembly, representatives of the Central Committee of the National Front, generals of the Czechoslovak People's Army and other representatives of Czechoslovakia's political public and cultural life were also present. [Text] [Prague Domestic Service in Slovak 1300 GMT 22 Jul 87 LD]

JANAK TOURS EASTERN SLOVAKIA -- Ignac Janak, candidate member of the CPCZ Central Committee Presidium and secretary of the CPSL Central Committee, arrived today for a working visit of east Slovak region. In the experimental research unit of the veterinary college in Zemplinska Teplica, he acquainted himself with the unit's contribution to the implementation of the Comprehensive Program of Scientific-Technical advancement of the CEMA Countries Until 200 and with the results in the area of controlled reproduction of livestock. In a friendly discussion with the chief party and economic officials, he spoke about the restructuring of the economic mechanism in the conditions of agriculture. In the afternoon Comrade Ignac Janak visited the southern parts of the Trebisov District and visited a sugar refinery where he expressed interest in the advancement of reconstruction work and the preparation for 75th sugar production campaign. [Text] [Prague Domestic Service in Slovak 1630 GMT 22 Jul 87 LD]

NEW NORMS IN ELECTRICAL ENGINEERING -- The 51st session of the International Electrical Engineering Commission (IEC) ended in Prague on 17 July. The participants in the session adopted new IEC international norms for of "electrotechnical" appliances, cables, conductors, connectors, insulating materials, electrical safety, the use of solar energy, and such like. [Summary] [Bratislava PRAVDA in Slovak 18 Jul 87 p 2 AU]

HONECKER SYMPATHIZES WITH MOZAMBIQUE AFTER ATTACK

LD222153 East Berlin ADN International Service in German 1632 GMT 22 Jul 87

[Text] Berlin, 22 Jul (ADN) -- Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, has expressed his deepest sympathy to the Frelimo Party Central Committee, the government, and the people of the People's Republic of Mozambique, and the relatives of the victims of the terrorist attack by the counterrevolutionary Renamo bands which are supported by South Africa. His message to the President of the Frelimo Party and President of Mozambique Joaquim Alberto Chissano says:

"This treacherous terrorist attack proves once again that the apartheid regime and the imperialist circles supporting it pose the main threat to the independent and peaceful development of Mozambique and the other peoples and states of southern Africa."

Erich Honecker gives an assurance that the GDR will continue to stand firm in solidarity beside the Mozambican people in its struggle for the defence of independence and a peaceful life.

SED'S AXEN RECEIVES FRENCH SOCIALIST POLITICAN

LD211928 East Berlin ADN International Service in German 1750 GMT 21 Jul 87

[Text] Berlin, 21 Jul (ADN) -- Hermann Axen, member of the Politburo and secretary of the SED Central Committee, today received French politician Pierre Beregovoy, former minister, member of the Executive Bureau and national secretary of the Socialist Party of France.

The exchange of views, which was conducted in an open and constructive atmosphere, concentrated on the current international situation and the relations between the GDR and France. Both politicians paid tribute to the progress made in relations between the GDR and the French Republic.

Hermann Axen and Pierre Beregovoy stressed their agreement on the need for a policy of detente in Europe, based on a first stage of removal of U.S. and Soviet medium-range missiles deployed on European territory. They spoke in favor of more progress on the path of disarmament. The two sides stressed their interest in developing relations between the SED and the Socialist Party of France.

BRIEFS

OUTGOING SWISS ENVOY -- Berlin, 16 Jul (ADN) -- Egon Krenz, deputy chairman of the GDR State Council, and member of the Politburo and secretary of the SED Central Committee, received Dr Peter Dietschi, ambassador extraordinary and plenipotentiary of the Swiss confederation, for a parting visit today. Egon Krenz paid tribute to the positive development of bilateral cooperation for mutual benefit and as a contribution to a stable and long-term peaceful development in Europe. Egon Krenz thanked the ambassador for his responsible work in the GDR and requested him to convey cordial greetings from Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council, to Federal President Aubert. [Excerpts] [East Berlin ADN International Service in German 1152 GMT 16 Jul 87 LD]

VARKONYI CONCLUDES FRG VISIT, DEPARTS 22 JULY

LD222019 Budapest MTI in English 1728 GMT 22 Jul 87

[Text] Bremen, July 22 (MTI) -- Concluding his official working visit to the Federal Republic of Germany, Hungarian Foreign Minister Peter Varkonyi and his host, Hans-Dietrich Genscher, Wednesday afternoon voiced their unanimous satisfaction with their negotiations on Tuesday, on the close and profound dialogue between the two countries, and they stressed the necessity of continuing this dialogue. They also noted that the planned visit of the Hungarian prime minister to the FRG was also discussed in the framework of their talks.

At a joint press conference held in the parliament building of Bremen City (Burgersat), the foreign ministers said: They [as received] make efforts for the sides to be able to sign the technical and scientific cooperation agreement on the occasion of the visit of the prime minister. The relevant talks are nearing completion. The sides also noted they wish to conclude an agreement on exchange between cultural institutions.

They recalled that relations between Hungary and the FRG are on a high standard, and both sides make efforts for the further dynamic development of the relations based on even more extensive agreements. Cooperation has already reached a high level in the economic field. Both sides are interested in further extending cooperation. The quality of relations makes open and trustful dialogue possible in all political issues.

Foreign Minister Peter Varkonyi invited Hans-Dietrich Genscher to visit Hungary. The invitation was accepted.

At the press conference the West German foreign minister termed as exemplary the relations between the two countries of differing social systems, and belonging to different alliance systems, and stressed the favourable development of these relations since the visit to Hungary of Federal President Richard von Weizsaecker. He particularly appreciated the success of the Budapest cultural forum from the point of view of the Helsinki process. Hans-Dietrich Genscher said the FRG awaits the planned visit of the Hungarian prime minister with great expectation.

Peter Varkonyi stressed at the press conference that the reciprocal relations have for years been developing to the advantage of both sides, and indicate that the two countries can also serve to improve the atmosphere in international life with common efforts. It was to our particular pleasure that Foreign Minister Genscher also shares the opinion: A new way of thought is needed in international life, said the Hungarian foreign minister.

The foreign ministers stressed they hold it desirable to attain the elimination of the obligatory visa system in reciprocal passenger traffic. Foreign Minister Genscher expressed his readiness to support realization of this proposal.

The Hungarian foreign minister voiced the interest of Hungary in concluding an environmental protection agreement with the FRG. Both sides consider it desirable to begin relevant talks on the theme this year. The sides are to continue their consultations related to legal and consular issues in autumn, and the Cultural Joint Committee will also hold a session this year.

Peter Varkonyi voiced his gratitude for the active support provided by the Government of the FRG to the establishment of a mandate for talks between the EEC and Hungary. They voiced their hope that the talks will soon come to a successful conclusion.

Foreign Minister Genscher voiced the readiness in principle of his country to support the cultural activity of the German minority living in Hungary.

Present at the Hungarian-FRG foreign ministerial talks was Dr Istvan Horvath, ambassador of the Hungarian People's Republic to the Federal Republic of Germany.

During the day, Peter Varkonyi and Hans-Dietrich Genscher visited the world renowned artists' settlement and museum of Worpswede, where the works of outstanding German painters from the turn of the century are on show. The West German side proposed that the Worpswede artists' settlement and the museum, and the Hungarian creative communities and museums organize exchange exhibitions starting from next year. Peter Varkonyi indicated that the issue will be placed on the agenda of the session of the Cultural Joint Committee. In the afternoon the two foreign ministers visited the ancient city hall of Bremen.

Concluding his programme Peter Varkonyi left the Federal Republic of Germany and returned to Budapest.

CUSTOMS SUSPENDS CASH PLEDGE FOR POLISH VISITORS

Polish Request Honored

LD222158 Budapest MTI in English 1854 GMT 22 Jul 87

[Text] Budapest, July 22 (MTI) -- The spokesman of the Polish Government mentioned at his press conference on July 21 that recently the Hungarian customs authorities request -- in a discriminative manner -- guarantee customs tariffs from Polish tourists entering the country. The Hungarian news agency received the following information from competent places on the background of the measure:

Under the valid Hungarian customs measures, all those who carry goods of considerable value, at times in commercial amounts, with marketing aims through Hungary, have to pay a cash guarantee when entering the country. This measure is valid for the citizens of all countries, in other words it is not of a discriminative nature. The guarantees are returned when the persons leave Hungary with the goods.

On the request of the Polish Government, in the spirit of traditional friendship, the Hungarian customs organs will suspend for the time being the enforcement of the measure in Polish passenger traffic.

At the same time they repeatedly propose negotiations with their Polish partners for the common solution.

Measure Not Discriminatory

LD221950 Budapest Television Service in Hungarian 1730 GMT 22 Jul 87

[Text] At the request of the Polish Government, the Hungarian customs authorities will suspend, for the time being, the validation of the measure for Polish passenger traffic, according to which all those people who take goods of a considerable value, for the purpose of sale, from time to time of a commercial quantity across Hungary, must deposit a pledge in cash when entering the country. All this was made public by the Hungarian Telegraph Agency under authorization from competent quarters.

According to the news, the original measure applies to the citizens of every country, therefore it is not of a discriminatory character; the Hungarian customs organs repay the pledge if the traveller leaves Hungary together with the goods.

As is known, the Polish Government spokesman said yesterday at his press conference that the Hungarian customs authorities had recently requested a guaranteed customs fee from Polish tourists, in a discriminatory manner. The Hungarian response today also give the information that the Hungarian customs authorities at the same time are again proposing to the Polish side negotiations as soon as possible, for a joint solution.

OFFICIALS ATTEND POLISH EMBASSY RECEPTION

LD221741 Budapest MTI in English 1450 GMT 22 Jul 87

[Text] Budapest, July 22 (MTI) -- Tadeusz Czechowiz, ambassador of the Polish People's Republic to Hungary, gave a reception at his residence on Wednesday, on the occasion of the national holiday of his country.

Present at the reception were Miklos Ovari, member of the Political Committee of the HSWP and secretary of the Central Committee, Janos Lukacs, secretary of the Central Committee, Imre Katona, secretary of the Presidential Council, Jozsef Marjai, deputy chairman of the Council of Ministers, ministers Imre Markoja of Justice and Laszlo Somogyi of Construction and Town Planning, Laszlo Balla, president of Central People's Control Commission, Istvan Oszi, deputy head of the Foreign Affairs Department at the HSWP CC, Miklos Barity, deputy foreign minister, and representatives of Hungary's political, social and economic life. Also present were representatives of the diplomatic corps.

FIRST HALF INDUSTRIAL PRODUCTION INDICATES GROWTH

AU221207 Budapest NEPSZABADSAG in Hungarian 21 Jul 87 p 1

[MTI report: "Central Statistical Office Report on Industrial Development -- Production Increased Slightly -- Productivity Increased in the Main Sectors -- The Number of Employees Decreased"]

[Text] According to preliminary data published by the Central Statistical Office, after a modest increase in 1985-86, industrial production increased somewhat in the first half of the current year, and the 3 percent growth so far slightly exceeds the planned growth level. As a result of the difficulties encountered in the severe winter of 1987, industrial production decreased in January, but the enterprises largely made up for their losses in the following 2 months: Production in the first quarter of the current year increased by 4.3 percent compared with the same period last year. Production increased more slowly in the second quarter of the current year, by 1.8 percent. Production of state industrial enterprises increased at a slightly slower pace than the average, and production of industrial cooperatives increased faster than the average. The small-scale organizations continued to develop quite dynamically. More than 200 new economic units have been established in the industrial sector since the beginning of the year -- primarily in the cooperative sector; out of this number, 8 units are mixed enterprises with partial foreign investment (the number of such mixed enterprises in industry stood at 32 at the end of the first half of the current year.)

The structure of industrial production continues to change in an undesirable way. The greatest increase in the first half of 1987 was registered in the production of energy producing and processing sectors, with an increase of more than 7 percent. The development of basic material producing sectors was close to the average, and the production of the processing industry sector increased by only 1.8 percent, compared to the same time last year. Machine industry production in the first 6 months of the year was essentially the same as in the first half of 1986, and light industry production increased only by 0.8 percent. Food industry production increased at a level exceeding the average, by 3.9 percent, and chemical industry production increased by 8 percent -- excluding mineral oil processing and gas production -- by approximately 4 percent.

Like production, industrial sales increased a little faster than last year. Within these sales, domestic sales increased at a slower pace than the average, and foreign trade sales increased faster than the average. Exports in both rubles and convertible currencies increased at a relatively fast pace. Machine industry and food industry enterprises increased mainly their ruble exports. In convertible currency exports, the majority of the main exporting industrial sectors considerably exceeded their exports for the same time last year, the machine industry exports in convertible currency, however, decreased considerably compared with the first half of last year. Enterprises and cooperatives that participated in the competition system aimed at achieving a long-term increase in exports mostly increased their convertible export sales at a faster rate than the average.

The number of employees working in industry decreased more than planned and more than usual in the previous years; their number was some 2 percent less than in the previous year. Staffing levels decreased in all industrial sectors with the exception of the electric power and food industries.

The average monthly wages of employees, wages deriving from main working time, was more than 16,300 forints in the first half of 1987, a level that -- in spite of the wage freeze in the first quarter of the year -- exceeded the 1986 level by about 6 percent. The wages of workers employed in mining and metallurgical enterprises increased more slowly than the average, and the wages of machine industry and chemical industry employees increased slightly faster than the average. Similarly to last year, the number of enterprise workers' associations that guaranteed supplementary incomes increased slightly in the first half of the current lyear.

As a result of increasing production and a decreasing number of employees, productivity in the first half of 1987 was more favorable than in previous years: per capita production increased by more than 5 percent. Work productivity increased in all the major industrial sectors, with the highest level being registered in the chemical, mining, and building-material industries.

Industrial production in the first half of the current year was characterized by essentially the same basic-material supply and cooperation problems as in previous years. Disturbances in product marketing were due mainly to the limited convertible import possibilities and the inadequately organized transportation of goods.

The growth in industrial production is expected to decrease slightly in the second half of the current year. This can be seen from the stock of orders received so far which can and should, however, increase in the remaining months of the year.

MEDGYESSY DISCUSSES RECENT FINANCIAL MEASURES

LD140357 Budapest Domestic Service in Hungarian 1715 GMT 13 Jul 87

[Interview with Finance Minister Peter Medgyessy presented by "Economic Policy Column" editor Katalin Kondor, with four correspondents not individually identified -- recorded]

[Excerpts] [Kondor] I wish the listeners and Dr Peter Medgyessy, minister of finance, good evening. I would like to reveal that this evening's conversation will be heard from a recording. If I am right, the minister will be on vacation at the time of this broadcast. [passage omitted]

An unprecedented number of financial measures have appeared this year -- in fact, since you have been in office. Would you assist us by quickly listing what these have been?

[Medgyessy] I am not boasting at all when I say that we provide MAGYAR KOZLONY -- it usually publishes the texts of various measures, decrees, etc. -- with work. This has been so for years, and it shows what the conditions are. It is not a good thing that so many regulations are published.

We have passed a series of measures in the past months. These can be put into three groups. Some of them provide opportunities for the good enterprises, expanding their scope to maneuvers. These steps are not of enormously great importance, but they show, in a way, a kind of government attitude. Another group of measures is primarily directed at preventing the population from losing its desire to save. Finally, there is a third element, which we, and of course the population and the enterprises, like the least: It has been necessary to enforce financial rigor. Economizing measures at the budget organs and the enterprises stemmed from this. The population has been affected by some of these measures.

[Kondor] So there will be plenty to talk about. However, allow me to introduce the other participants in the conversation. Seated around the studio's table are the correspondents of the economic policy column, that is, those who are not on vacation now. Andras Domany, Mihaly Galik, myself, (Jenoe Merza), and (Ferenc Vicsek). [passage omitted]

Allow me to ask the first, awkward question. You just said that every measure was passed, and that the public expected a positive effect this year. Yet, I, at least, feel that this positive effect has not come about. To what do you attribute this phenomenon?

[Medgyessy] This is a very complex issue. I would approach it from several angles. On the one hand, cognizance must be taken that economic processes exist. These processes do not start on 1 January and end on 31 December. Some of the processes stem from past decisions, and our current decisions will determine those in the ensuring years. Thus, it follows from this that basic changes cannot be expected in one sweep.

Of course, there are also more profound reasons why the effect of these measures is not felt. Basically, there is a price and financial system, in which the harmony of performance and income is not really expressed. A livening-up policy cannot be built on this, or rather, it would entail quite a lot of risk. This must be realized. However, it can be felt more and more that these measures cannot be resolved by patching and mending.

[Kondor] Have there been any concrete cases, in which you perhaps would have expected our financial balance or foreign trade balance to show improvement, but in which this did not happen?

[Medgyessy] Of course. I could mention innumerable examples. Let us say, the effect of a devaluation...

[Kondor, interrupting] You are thinking of the devaluation of the forint?

[Medgyessy] Yes. Under normal economic behavior, a devaluation of currency encourages exports and curbs imports. However, there is a series of other interrelations. For example, what is the state of the world economy? Is this devaluation a real devaluation, or merely a devaluation that follows the events? We basically implemented a devaluation that followed the events; therefore, it did not have as good an impact as we might perhaps have expected. It is certain that it is a pulling force for certain producers, who produced with good efficiency in the past, too. [passage omitted]

[Correspondent] By the way, which of the measures that have been passed do you consider to be of greatest importance from the viewpoint of shaping the economy?

[Megdyessy] I consider a measure that will be published in the coming days to be of the greatest importance. It amounts to an abolition of the obligatory replenishment of the circulating funds. Obviously, the radio listener does not understand what this is. Put very simply, it is natural that the stocks which come into being during production must be financed. If we stipulate how this financing should occur, with very rigid regulations, unforeseeable problems can arise: deficit, the unnecessary transport of (?the goods). [passage omitted]

Now, this really is not rational, and the conditions have now been created for us to abolish this system. We have a viable, or so it seems, commercial bank system. These banks should finance the enterprises on the basis of business policy considerations, and they look into whether or not the stocks can be sold. This sensible business policy conduct will not be hampered in the future by rigorous administrative financial stipulations. Although it cannt be readily measured in forints, in my opinion this is the most important measure that we have taken.

Of course, like every measure, this one also has risks, and there are some for central economic direction, too. I believe that it is not right to expect the enterprises to adopt an attitude of undertaking ventures and accepting the risks, and for the State not to accept any kind of risk, even if it knows that the positive impact is likely to be greater than the negative effect.

[Correspondent] Excuse me, but I do not know what the negative effect of abolishing the obligatory replenishment of circulating funds could be.

[Medgyessy] Yes, it is very difficult to explain this clearly. The situation, simplified somewhat, appears as follows: There was an existing system at the enterprises, under which they were obligated out of their own means to replenish the circulating funds, in order to finance their stocks. This meant that the state was able to state with certainty that this money would not be spent on development, or wages, but that it would bind its own capital to financing the stocks. If this administrative stipulation is abolished, the enterprise might do the same thing. It is not at all certain that the enterprise will not devote its money to the same purpose.

[Correspondent] So it has the means, but it is not obligatory. [passage omitted]

[Correspondent] Allow me to ask what you feel, as a finance minister who is young in his post, when you change this old, bearded financial measure?

[Medgyessy] This belongs among my few successes.

[Correspndent] Why? Was it a big battle?

[Medgyessy] It was a very big battle. It was a big battle, and honor demands that I should not reveal all of the details of the battle. However, it was a big battle, which for me was incomprehensible.

[Correspondent] No matter where we go, whatever enterprise it might be, the manager nowadays always asks why investment money must be handled separately from maintenance money. [passage omitted]

[Medgyessy] Insofar as I am acquainted with international practice, it is not possible to invest out of untaxed money. There are preferential cases -- that is, they say that a tax-free investment is permitted, with exception, for such and such a purpose. However, the possibility of tax-free investment, as a system, (?does not exist). In our country, the affair is so sharply contrasted because maintenance is an expenditure, while investment is money which is taxed many times.

I believe that what you say is a real problem, one that could be solved if we were to create a price and financial system in which there was no such abyss between the funding costs and the taxed money, to put it bluntly, where taxes were not so terribly high as they are now in Hungary.

[Correspondent] Now follows an awkward question: You had the thankless role at the summer session of parliament of reporting on how we managed in the past year, and attempting to give reasons why the budget deficit grew to double in size of the planned one. There were less revenues than planned, and we spent more than planned. There was a record-sized budget deficit. It was a deficit of 46.9 billion, let us say 47 billion forints, as opposed to the planned 23 billion forints. The question inevitably arises: Who handles this money? Who is the chief steward? To what extent is the minister of finance the master of this spending? Or, to what extent do you only keep account of the various movements, the shaping of revenues, the shaping of outlays? Stated bluntly; to what extent is the minister of finance responsible for the whole thing, and to what extent is it a situation in which many people spend, and many people take money in, and when it is time to add things together, what comes out is not what was planned?

[Medgyessy] All of that is correct -- this is true and that is true. The budget has items that flow out automatically. For example, if the population consumes more subsidized products than expected, this automatically increases the budget's outlays. If the population consumes more taxed products, it automatically increases the state's revenues. Therefore, there are some automatic things. From this viewpoint, the riskiest automation is that, whether they cry or laugh, there is an interrelation between the enterprise and the state. If the state's incomes are too small, this often is interrelated with the fact that the enterprise income is not enough either.

There now is a curious situation -- I mentioned this, by the way, in the report -- that a very interesting survey was taken. From this it emerged that the enterprises do not really feel how difficult and pressing the situation is; at the same time they see that things are not going well for the state. It arises from this that the deficit is located between the two. Therefore, very much support goes back to the enterprise sphere, and this comes from enterprise incomes that have been drawn off.

[Correspondent] This is precisely one of those big issues relatively rarely spoken about. If the budget spending is too great, or the deficit is large, then you and others sometimes automatically continue the line of thought by saying: Well then, the budget expenditures will have to be reduced; what are the budget expenditures? But at these times it is rarely said that, taking everything together, nearly one-third of the budget is spent on supporting the poorly functioning enterprises. Do you never say: The budget expenditures were too large; let us reduce them?

[Medgyessy] We do say this sometimes, but only very rarely can we accomplish it. Some things depend on decisions by government committees, and in a given case decisions by the Finance Ministry too. The issue of supports or a facet of this, that of enterprise supports, is indeed an issue of decisions. If we have not made a very deep commitment to take cognizance also of their serious consequences, then of course.... [Medgyessy is indistinctly interrupted] This is a national issue, this is a government issue, if you like, a political issue. It is easy to say that we have to stop supporting these weak enterprises. I always agree with this and, as a matter of fact, I myself very often say this. But when we have to face this in a concrete way, then the way it looks is the way it looks at Ozd, or the way it looks in the event of the closing of a mine. For it is not self-evident that the supports have to be stopped; but is self-evident that at Ozd the destiny of 2,000 workers will have to be decided on. What will be the situation in a coal mine, or the situation in deciding whether a machine industry enterprise is capable of continuing to function with such a workforce.

[Correspondent] That is true, but if I take the incident of a few years ago, if in spite of the huge sums spent on Ozd and other places, this situation has still come about, would it not have been better if it had come about X number of years earlier? We would have been better off materially, and perhaps the social tension, too....

[Medgyessy, interrupting] There is no disagreement here between us; all I say is that to say that the supports have to be stopped is a good wish. When we tackle it in a concrete way, that is when we need political determination, the determination of the local organs, the determination of the central organs. That is when we find out whether we mean seriously what we want to do, or not, whether we mean what we say, or not. In my opinion, today it is less and less possible for us not to mean seriously what we say.

[Kondor] On this topic we must also mention the price rises. Can we say whether the recent ones have made their effects felt, and what about the promised price rises still to come?

[Medgyessy] I smile because it is a peculiar affair; for in Hungarian administrative work there is a price office, and somehow we still always manage to correlate the price measures with the Finance Department. There is a correlation; I am not saying there is not. What I mean is that this is not as simple as all that. One cannot say that the Finance Ministry is the cause of everything that is bad and difficult. [passage omitted]

Now, a central price increase can be provoked by many things. The most direct connection can be that the state budget has a deficit and this has to be somehow covered, and so prices have to be raised, and subsidies reduced. The other side of the coin is when incomes flow out without performance. Regardless of whether or not this increases the state burdens, this cannot be borne; it is not correct, at the level of the national economy as a whole. Heaven forbid, it can also be a question of a correlation between supply and demand, and this can also bring about rising prices, or, in a given case -- and I hope that in the coming weeks such things will happen -- let us say, prices can also go down. In this sense I will not evade the answer: Unfortunately, we will not be able to avoid certain further central price increases. To this I would like to add what I mentioned earlier, that we would like to be more consistent than we were in our practice of earlier years, in this sense: that when we say we are trying to follow the events of world economy, then this has to be true in the plus and minus direction too.

[Correspondent] Now, I still do not know how we stand, how the country stands. I would not like to miss this opportunity to ask. Considering that last year at the National Assembly, that is to say, before this year's plan was adopted, the finance minister said that the 1987 plan will be a demanding task, for the reason that we shall have to achieve growth along with improving the foreign and domestic financial balance. Therefore, I would like to ask: Will there be any growth? Can we expect an improvement in the foreign trade balance, considering that in the past years this was out of the question, and that made the country's possibilities for taking up credits rather difficult? In some cases it was categorically stated that if this year the foreign trade balance is not positive, then that will greatly damage the prestige of the Hungarian economy. The third point is the improvement of the domestic balance.

[Medgyessy] It shows how perfectionist radio reporters are that you said: if it is not positive. This has so far not been expected either at home or abroad this year, that the balance of payments should close with anything positive this year. What we have reckoned is that there could be a very slender, little positive value in the foreign trade balance. It is already very significant in the balance of payments, although we have reckoned with a diminishing deficit compared to 1986. Perhaps I could just add that regarding our possibilities for taking up credits, I do not yet sense any big increase in difficulty. If the desired changes do not take place, then of course, that could ensue, but for the time being there is none. Now then, will there be any growth this year? It seems that in the first 5 months -- I do not yet know the data for June -- but in the first 5 months the degree of growth is bigger than what we anticipated so far. We still can not extract great comfort from it, because behind the growth there is visibly not as much revenue as there should be. Yet growth is interesting only if it also produces revenue.

[Correspondent] So, there is a quantitative growth and not a growth of revenue.

[Medgyessy] Yes, yes; that is the problem. The human labor we have expended on it is not bringing in revenue to the extent we reckoned. Now then, there are several things behind this. One is the previously mentioned situation, that in an economy with an unfavorable structure there is always the danger that growth will not necessarily create a revenue surplus of like extent. On the otherhand, I must add that, unfortunately, the deterioration of the terms of trade, which was a very serious factor in 1986, will for the time being continue in 1987 as well. Therefore, in the first 5 months of 1987 the divergence between export prices and income prices has been unfavorable for us. What this shows is that we should not be chasing after growth so much, but first and foremost we should be seeking revenue producing growth. This demands deep changes in the economy.

[Correspondent] [passage omitted] Then what kind of change can we expect in this area? According to the intentions, when will this change be palpable also for the masses?

[Medgyessy] We are dealing with the development of the price and financial system. The media are also full of the topic that we wish to realize a tax reform, a price reform, and recently our work in this direction has particularly accelerated. The essence of the matter, and this is what I would like to talk about here, is that the shaping of public opinion that has got under way here is technically different from what is customary. We have started to speak about the price and tax reforms, while we have not yet spoken about the program. Now then, it is completely logical that if people do not know why they have to make sacrifices, then the first reaction is: Why will this be better for me? Therefore, a sort of tension has developed, which now can -- and I think, must -- be gradually put back into its place. Because the Central Committee has adopted the program...

[Kondor, interrupting] That is to say, the program of resurgence?

[Medgyessy] It has adopted the program of resurgence. On this basis very intensive administrative work is underway; Likewise, in order that the government should develop a program that it can interpret and implement. Connected to this, I think that in both propaganda and the rest of our work it becomes easier to see how this price and tax reform can be handled, why we are doing it, what it can give us, and what it is connected with. The other thing I would like to say in this connection is that no matter what we do, whether in 1988 or in 1989, one thing is certain: that the difficulties of the economy do exist, they are known. To be sure, the economic balance situation is extremely problematical. With great efforts we are trying to bring the budget deficit in 1987 below that planned, but this is not an easy thing to do and has already demanded sacrifices. We have also been speaking about the balance of payments, the foreign trade balance, and what kind of plans we had; and compared to these, during the first 5 months of this year the foreign trade balance is passive; the balance of payments is passive. This could improve, it could change somewhat by the end of the year. But it is very probable that even at the cost of terribly great efforts the most we can do is to come near our plans; but we can not promise that we will be able to attain them as well. From this it follows that the situation is given. The undertaking of a price and tax reform provides us with a chance of changing this situation.

[Kondor] What are the parts of the program that in themselves influence the situation? That is to say, what are the most radical points of this program of resurgence?

[Medgyessy] Well, the basic stance of the program of resurgence is that we have to make some kind of selection among the priorities, which in my opinion were, as a matter of fact, correctly formed in previous years. We are not able to fulfil at once every kind of economic endeavor or intention, because we do not have the strength for it, and because then we would not be able to concentrate on the main tasks as we should. For this reason, therefore, we must select the decisive link in the chain, if I may use this classic expression. It appears that the decisive link today is the structure transformation, on the basis of technical development, technological progress. This must be regarded as the first basic priority, as well as the creation of a long-term, lasting, balance based on this.

[Kondor] Now then, we have been hearing it for quite some time that this must be regarded as the top priority. Only we do not see that this is really being regarded as the top priority.

[Correspondent] In other words, what means are available for this to be really accomplished?

[Medgyessy] This is a very, very logical question; and I think that a program is viable if the program can give certain guarantees. As I understand it, a guarantee can exist in two directions: There can be a social guarantee. Because it is evident that this program does not only provide the chance for a resurgence, but certain sacrifices must also be undertaken for this. Following from this, there should be certain social guarantees, so that while the sacrifices are being undertaken those strata in the most difficult situation should nevertheless be able to survive this period somehow also, and should be able to catch up in a later development. The other type of guarantee is this guarantee of implementation.

I see three things here that are indispensable. One of these is that without strengthening democratism, without controlling the role of public opinion, without democratic and political controls, it would be impossible to implement this program. The second fundamental condition and question of guarantee is that there is a need for a cadre policy, for personnel conditions, with which this program can be realized. This is not just a question of who is a leader of this or that sort.

[Correspondent] At the highest level.

[Medgyessy] Yes, at the highest level. Because although a great deal depends on them, it cannot be expected that this program be implemented at that level. This program must be implemented by society as a whole. Thus, if you like, this is not a matter of cadres belonging to the sphere of the Central Committee but, rather, a question of the system of personnel conditions in its entirety. This is the second guarantee without which it would be impossible to implement this program well.

Finally, there is a third element, namely, that there is a need for a system of tools, which contains in itself the guarantee of implementation. Well, we have now arrived at the question of price and tax reform and the development of the economic mechanism. These are tools, but we cannot delay this step; this is why this step is terribly important, because by delay we would be postponing the realization of the program as well, because the tools are one of the guarantees of its implementation.

[Correspondent] So you feel that if these three conditions, democratism, cadre policy, and personnel conditions, and the relevant system of tools, are realized, then perhaps everything will be well and, if I understand you correctly, there are preconditions for this.

[Medgyessy] In my opinion, the conditions for these things are not at an identical level of development. However strange it may seem, precisely the most developed tool evokes debates, and we must be willing to face up to these debates and the consequences that must be drawn; we must not sit through these debates with our ears covered. There are, however, less developed elements as well, and then we can be serious about the realization of this program, which will not be a matter of a year or two.

[Correspondent] You say that this is not a matter of a year or two; well, how many years will it take? How long do we say that this is a process of stabilization, and when will we be able to say that a healthy process of growth has begun which will go on in the long term? However difficult it may be to answer, this question must be asked.

[Medgyessy] Yes, I understand your question. Nonetheless, I would first bypass your question and then afterward I shall answer it. I would like to say that this is a new stage in the building of society, and in this sense it is terribly difficult to say that it will be concluded by this or that date. I cannot tell you that. The three guarantees I have spoken of require wide-ranging changes; it was in this sense that I said that this would not be a matter of a year or two. To give a concrete answer to your question: At the moment our thinking is that one can speak about two stages, a stage of stabilization, and a stage of resurgence. The stabilization stage can perhaps be concluded by the end of this decade. The stage of resurgence can be thought of as occurring in the first half of the next decade. If we are going to fulfill this program, then by the first third or half of the next decade we can expect an increase in the standard of living. It is in this awareness that we must accept these elements, which contain sacrifices as well as the fact that we must work in a much more rational and organized manner.

[Correspondent] Similar programs have been created before; perhaps programs of a lesser magnitude but ones which were very similar in content. Then, over a period of time they changed somewhat and became more analogous to a machine operated by hand than to the type of reform that was originally envisaged. Does this program contain the option of direct intervention, in case the program begins not to function in the way planned?

[Medgyessy] No, this option is not contained in it; we have no such intention. I would like to say that when I speak about the system of tools I do not mean only the reform of prices and taxes but the entire economic mechanism. Incidentally, some sort of functioning market, in line with our present-day circumstances, is a part of this mechanism. If we approach this matter from the position that we must strengthen in a parallel way the elements which can harmonize this socialist planned economy with the market, then the answer to your question is more or less that we are confident and build on the idea that this sort of market mechanism will also help in the realization of these endeavors.

We do not expect to return to the method of operating by hand; I think that this is not a method that could adequately deal with the realization of these endeavors and goals.

[Correspondent] We have spoken about the fact that the tax measures do not, shall we say, enjoy unanimous popularity. However, if these measures are a part of a system of tools, that will help us to realize our goals, and if this is properly explained, then society will accept it more. Yet, there are social-political contradictions in this system of taxation which, in my opinion, even if we gain democratic approval for a social program, will nonetheless possess some very neuralgic points. What I have in mind is that however much I believe in resurgence, in the economic progress of this country, if I tell a citizen, you must make sacrifices -- and the taxation system, let us say, demands genuine sacrifices from him -- but you, as someone with a large family, or a young person waiting for your first apartment, will have a considerably lower standard of living even with an identical income, because neither having a large family nor saving up for a dwelling entitles you to any tax concessions; in other words, you will be treated as someone without a family but with his own home -- and questions like these, these might wrongly alienate the population from the great program we want to realize and to which we would like to gain their allegiance.

[Another Correspondent] This is an important question because the taxation experts, quite understandably from their own point of view, always say in reply -- I have read and heard a number of interviews like this -- that we should not hold taxation to account for social policy.

From the perspective of the specialist who is responsible for a specific area this is an understandable reaction, but those concerned obviously cannot accept it, because for them the two come together.

[Medgyessy] We are aware that a hardening economic policy requires a strong social policy. It is difficult to carry out the social policy really well with little money. It is perhaps possible to do it better than the manner in which we are doing it at the present time, because we can look for different ways and means of distribution. It can also be determined that we shall use certain resources expressly for these and not other purposes.

Now, what can make it more bearable? It is a painful point that this system of taxation will tax supplementary incomes. In other words, those who have incomes deriving from a second, or a third source and so on will pay tax on them. According to our calculations, this can provide the site with a revenue of approximately 5-6 billion forints. It is our intention -- and this is what we would like people to understand -- that it is obvious that it is not a pleasure to have to pay tax on one's secondary or tertiary income, and this involves the withdrawal of extra income as far as the population is concerned. Because with the income deriving from the primary employment no extra is taken away, but with the others there is a withdrawal of extra income. This is really not a good thing; people are not pleased about it, but they accept it if there is some purpose for which we do it. What I can say is that we shall devote this sum to social policy expenditure. In other words, we would spend this 5 or 6 billion forints on increasing family supplements.

This reform of prices and taxes involves an increase in consumer prices as well. The effects of this will be felt in 1988. This in itself demands that we raise the family supplements to counterbalance the effects of the increase in consumer prices for those with large families.

We have made calculations and the result is that this will be a sum of around 300 forints. Besides this, we shall add about 200 forints per child out of the 5-6 billion forints; family supplements will be raised by these sums, more than providing compensation. This will take care of the 5-6 billion forints. I think that this is decent conduct. However, do not believe, because we are not naive, that this will be sufficient for families to feel that their situation has improved.

There is something else that I would like to say here. This is not a matter of social policy, but it is very important that we want to correct the taxation table in the wake of the earier debates. It was raised that the taxation table does not create a sufficient incentive effect and particularly fails to do so in certain tax categories. This relates to the incomes in the middle, which, by the way, comprise the majority of incomes. Well, we have tried to develop the tax table so as to improve on this, to lessen this sort of tension.

[Correspondent] So we have the question of housing left.

[Medgyessy] Yes, the question of preliminary saving. We have introduced an element that in the case of certain specific forms of preliminary saving we shall increase the tax-exempt band by an extra 24,000 forints per year. This means that someone can put 2,000 forints per month aside without having to pay tax on it. We are also looking for the forms, the methods with which the burdens can be somewhat reduced for families who have relatively low incomes and are repaying loans for their dwelling.

The real question, of course, is the price that has to be paid for an apartment. I am not a specialist on this issue, so I can safely express my opinions. At worst, my friend Laci Somogyi [minister of Construction and Urban Development] will be annoyed with me. I think that radical changes are needed in the construction industry regarding organizational frameworks and other matters, as well as for the construction industry to function at a realistic level of prices and efficiency, under our conditions.

[Correspondent] You have just given us an idea whom to invite for the next conversation of this sort.

[Medgyessy] Then he can talk about the tax system.

[Correspondent] You mentioned that certain forms of saving for an apartment will enjoy tax concessions. However, the value of this could be reduced if, as various reports have suggested, the interest on deposits were subject to tax. If bank deposits are taxed even when the saving enjoys this sort of concession, this will destroy the effect of the concession.

[Medgyessy] Thank you for asking me about this. It provides an opportunity for me to say that those who save in the form of bank deposits will not find themselves in a worse position by even one filler [one forint equals 100 fillers] than they are at present. It is understandable that we say that when someone works and has an income, this cannot be treated fundamentally differently from the case where someone has a deposit which provides him with a sort of income. Nor would [word indistinct] find it just if we left the income deriving from interest payments on bank deposits free from tax while taxing other incomes. Thus, what we shall do is to raise the interest on the deposits, and the increase in the interest will correspond precisely to the tax obligation laid down on the interest payments. In other words, no one will be worse off; the bearing of the burden will be proportional. Further, it provides a realistic choice when people decide on whether to consume their income or put it into a deposit account.

In the case of bonds -- this is also an exciting question, since bonds are fairly widespread by now -- we shall do the same: The interest on the new bonds, those issued after January 1988, will be higher, and the difference will be paid in tax, just as in the case of deposit accounts, while the interest on the bonds bought earlier will remain free of tax. With that it can be ensured that the population will not be subject to the sort of harm in this sphere that many people are afraid of.

[Correspondent] I am afraid our time is up. Thank you very much for paying us this strange visit, and I hope that during your holiday you will be able to gather all the strength needed, as you have said that the solution of the problems of the Hungarian economy will require much strength and patience.

[Medgyessy] Thank you very much.

BRIEFS

SZABO VISITS KOMAROM COUNTY -- Istvan Szabo, MSZMP Politburo member and chairman of the National Council of Producer Cooperatives, has been visiting Komarom County. He was briefed about the life of the region and then visited the Delta industrial cooperative of Tatabanya and the Komarom Agricultural Combine. At the conclusion of his tour, Istvan Szabo met harvesters. [Text] [Budapest Domestic Service in Hungarian 1630 GMT 17 Jul 87 LD]

JARUZELSKI WELCOMES CAMBODIA'S HENG SAMRIN

LD230919 Warsaw PAP in English 0850 GMT 23 Jul 87

[Text] Warsaw, July 23 -- At the invitation of the PUWP CC and Poland's Council of State a party-state delegation of the People's Republic of Kampuchea arrived here today on an official visit of friendship, headed by CC General Secretary of the Kampuchean People's Revolutionary Party and President of Kampuchea's Council of State Heng Samrin.

Wojciech Jaruzelski and representatives of party and state authorities welcomed the guests at Warsaw's Okecie Airport.

BORBA ON DIZDAREVIC, ORZECHOWSKI TALKS

AU221054 Belgrade BORBA in Serbo-Croatian 21 Jul 87 p 1

[Permanent correspondent N. Burzan report: "Yugoslav-Polish Cooperation: Congruence of Views"]

[Text] Warsaw, 20 July -- It is a general belief that the official, friendly visit by Federal Secretary for Foreign Affairs Raif Dizdarevic to Poland, which began today, gives a fresh impetus to the traditionally good relations between the two countries. This was also confirmed by the first talks between Dizdarevic and Marian Orzechowski, Poland's minister of foreign affairs, in which the two foreign ministers expressed their pleasure and the great congruence of the views and assessments on the state of the Polish-Yugoslav cooperation and its prospects.

"We are pleased with the state of our bilateral relations," Orzechowski said. "In a complicated period, Poland and Yugoslavia knew how to adjust their cooperation so that it suits the vital interests of their peoples. We assess highly the progress made in the political, economic, cultural, and scientific spheres, and in the contacts that lead to societies drawing together. We are convinced that favorable conditions exist for an expansion of economic cooperation and for its resting on long-term stable foundations."

Highly assessing Yugoslavia's role in the implemention of the process of European security and cooperation, Orzechowski in particular pointed out our country's activities in the Nonaligned Movement, for which he said that it is "an important independent factor in international relations." He supported the initiative for turning the Balkans into a zone of peace and good neighborly cooperation, free of nuclear and chemical weapons.

Dizdarevic, for his part, particularly stressed our economic cooperation, which imparts material stability to our bilateral relations. "We have become major partners not only in volume but also in quality, considering that we have achieved in our overall trade a high proportion of modern forms of economic cooperation and production links, above all cooperation. However, considering the unused opportunities and the fact that the economies of our countries are to a great extent complementary, we must make fresh efforts and take specific measures to overcome the problems that have arisen and the occurrences of stagnation in economic cooperation."

Speaking about the process of strengthening confidence, security, and cooperation in Europe, Dizdarevic said that "we follow with great hopes the negotiations between the USSR and the United States on nuclear missiles in Europe, justly expecting that an agreement will be reached. The beginning of actual disarmament, after 40 years of nuclear and other military weapons having been piled up, would be of far-reaching significance for the overall trends in international relations, for such an agreement would stimulate a building of confidence in the world and would make possible wider processes of comprehensive disarmament, the solving of international problems, and the overcoming of hotbeds of crises by peaceful means."

The Yugoslav foreign minister added that "with due attention we received and welcomed the latest Polish initiative -- President Jaruzelski's plan -- on a gradual withdrawal of nuclear arms as well as conventional forces from central Europe, convinced that this constitutes a contribution to the realization of the CSCE process on the relaxation of tension in Europe. We believe that the active contribution by the PPR to the strengthening of peace and democratic processes is in conformity with the role that the Polish nation has had and continues to have in the history and culture of European peoples."

Today, Raif Dizdarevic laid a wreath at the Tomb of the Unknown Soldier, inspected the old city of Warsaw and the royal castle, and in the evening he was guest at a festive dinner given in his honor by his host, Marian Orzechowski.

HUNGARIAN DECISION ON CASH GUARANTEES NOTED

LD222300 Warsaw PAP in English 2032 GMT 22 Jul 87

[Text] Budapest, July 22 -- After an appeal by the Polish Government, Hungarian customs organs are temporarily suspending the obligatory customs payment with respect to Polish tourists. They are also asking Polish partners for prompt talks with an eye to finding a joint solution to the problem, the Hungarian MTI news agency said in a communique today, quoting competent sources.

"According to Hungarian customs regulations, all travellers carrying goods of a considerable value (the amount of which in individuals cases reaches trade proportions) through Hungarian territory, with the intent of selling them later on, are obliged to make a payment in cash upon crossing the border. This regulation applies to citizens of all countries on an equal basis, therefore it does not have a discriminatory character. Upon leaving the country the money is returned, providing that the person leaves with the same articles he has brought into the country," MTI explained.

JOINT AUSTRIAN POLITICAL TALKS OPEN IN WARSAW

AU220937 Vienna WIENER ZEITUNG in German 22 Jul 87 p 3

[Text] Warsaw/Vienna (APA) -- Thomas Klestil, secretary general for foreign affairs, was in Warsaw on Monday and Tuesday [20-21 July].

In his talks with Foreign Minister Marian Orzechowski and his deputy Olechowski in Warsaw, he noticed the great hopes placed by Poland in the course of the broad opening introduced by Soviet party leader Mikhail Gorbachev, as was stated by the Austrian Embassy in Warsaw.

The Polish foreign minister stressed the need to do everything to overcome the unnatural division of Europe. He paid tribute to the close cooperation between Poland and Austria in political, economic, and cultural spheres and cited the example of the CSCE meeting.

Poland's wish to cooperate with the Council of Europe was noted with interest and will be supported by Austria.

WARSAW MEETING MARKS ANNIVERSARY OF 'REBIRTH'

LD221731 Warsaw PAP in English 1535 GMT 22 Jul 87

[Text] Warsaw, July 22 -- A ceremonial meeting was held here today at the palace of the Council of Ministers to mark the 43rd anniversary of Poland's rebirth. The meeting was attended by members of Poland's highest political and state authorities, social and professional organizations as well as scholars and artists who were invited by President of the Council of State Wojciech Jaruzelski.

During the meeting Wojciech Jaruzelski, Zbigniew Messner, Kazimierz Barcikowski and Marian Orzechowski accepted congratulations and greetings from heads of diplomatic missions in connection with socialist Poland's national day. The greetings were conveyed first by dean of diplomatic corps Ambassador of the German Democratic Republic Horst Neubauer and then by the ambassadors in order of precedence, that is their diplomatic standing in Poland.

The meeting served as an opportunity for talks which focused mainly on matters of Poland's development, her position and role in the world as well as on the recently-declared memorandum of the Polish Government on decreasing armaments and increasing confidence in central Europe.

FURTHER REPORTAGE ON SEJM SESSION MEETING

Hupalowski Address

LD152113 Warsaw PAP in English 1525 GMT 15 Jul 87

["Excerpts" of address by Tadeusz Hupalowski, chairman of the Supreme Board of Control, to the Sejm in Warsaw 15 July]

[Text] Warsaw, July 15 -- In order to ensure a balanced, efficient economic development as a necessary condition of improving society's living conditions, it is necessary to make a widespread use of economic regime enforcing rational economy.

It was an undoubtful achievement of 1986 that national income was by 5.2 per cent up on 1985 and average indices of the national socio-economic plan were significantly exceeded. The basis of national income growth was production increase in all spheres of national economy, mainly attained through an increase in productivity and a noticeable progress in reducing energy and material consumption, in industrial production in particular. Good agricultural output resulted in an improvement of food market. 1986 was also marked by positive, although still not too big, changes in the structure of economy.

Unfortunately, positive tendencies in economic development were accompanied by unfavourable processes and phenomena adversely affecting -- sometimes on a large scale -- the output of the last year and posing threat to a favourable implementation of the tasks of the national socioeconomic plan for the years 1986-90. Among these phenomena are, in particular, failure to implement the assumptions of balancing the economy, absence of progress in checking inflation, unsatisfactory production quality, spreading defects in investment processes, downward tendency in the output of housing construction, failure to reach the assumptions of reducing material consumption in building, the worsening of the structure of imports adversely affecting supplies for industry. Foreign debt grew, Hupalowski said.

Unsatisfactory efficiency in management still remains the main cause of failures in restoring the economic equilibrium, including budgetary one, and curbing inflation.

In order to counteract negative phenomena, immediate actions were taken and new solutions were applied, although the efficiency of the still functioning solutions was not thoroughly analysed.

The economic results of last years -- starting from 1983 -- point to the fact that by entering the road of the economic reform through an introduction of a new system of management, the right direction of development was chosen.

The analysis of situation and economic policy in 1986 proves, however, that we are not yet consistent enough in implementing the reform. As a result, the right idea of sharpening the economic constraint in 1986 was not fully implemented, the NIK chairman said.

Reports Heard

LD152027 Warsaw PAP in English 1800 GMT 15 Jul 87

[Text] Warsaw, July 15 -- Deputy Juzala presented the results of the discussions in the Sejm committees on the government's report about the realization of section of the national socioeconomic plan (NPSC) for 1986-90 pertaining to 1986 and the state budget and other financial plans.

Stressing that in 1986 many favourable tendencies appeared in the economy, such as the acceleration of the rate of growth of the national income, the attainment of better than planned results in agriculture and industrial production or the reduction of the economy's material and energy-intensity, she drew attention to phenomena complicating Poland's economic situation.

These, among others, include too high costs incurred for the growth of labour productivity, de-concentration of investment projects and their inefficient realization, delays in housing construction and slow progress in balancing the consumer market.

Deputy Juzala said that the creation of more efficient mechanisms of shaping prices and wages, stimulating exports and reductions in material costs is necessary.

Addressing the issue of the implementation of state budget, Deputy Juzala stressed that both the increase in the budget's expenditures and incomes resulted, to a great extent, from price changes rather than real effects. Formally the budget's deficit decreased from the planned 151 billion zlotys to 53 billion zlotys. This is however deceiving since 97.1 billion zlotys came from the surpluses of territorial budgets. Article subsidies increased by 26.5 percent.

Deputy Juzala added that the evaluation of the financial situation leads to the conclusion that in 1986 the balance was not improved, while the national budget's expenditures and incomes remained under strong inflationary pressure.

Deputy Juzala went on to stress that last year had been characterized by a more difficult access to credits. Lack of or a threat to creditworthiness occured in 537 enterprises. They owed retaining their creditworthiness chiefly to tax discounts and exemption.

The analysis of the population's money incomes and expenditure points out to the planned supply and demand balancing not having been fulfilled, said the deputy next. The inflation gap amounted in fact to 180 billion zlotys instead of 100 billion as it had been pre-determined in the plan. It is upsetting that a high inflation rate occurs parallelly. The main reason for this was a very high rate of wage increases. The wage-price chase goes on.

Putting a stop to the deficit increase in trade with socialist countries was the most important conclusion concerning the balance of payments assessment. The debit balance, however, remained high and totaled 902 million transfer roubles, while the debt increased from 5.6 to 6.5 billion transfer roubles.

The surplus in trade with capitalist countries, emphasized the deputy, was below the planned figures. Poland's debt increased by 4.2 billion U.S. dollars and totaled in 33.5 billion U.S. dollars last year. The only answer to improvements of Poland's payment situation is an increase in exports, she said.

Finally, deputy Juzala moved to approve of the governmental reports on the 1986 state budget fulfillment and on fulfillment of other financial plans, and of the report on the fulfillment of the 1986 section of the national social and economic plan.

Chairman of the Supreme Board of Control (NIK) Tadeusz Hupalowski said the main reason for setbacks in restoring economic balance, including budgetary balance, and restricting inflation, laid still with the unsatisfactory management efficiency. Referring to the control works as carried out by the NIK, the speaker stressed that the attitude of majority of controlled economic units towards cost increase had been passive, or even negligent. Not only from objective reasons did the cost increase result. Frequently, it was caused by bad management, wastefulness or poor product quality.

After discussion, the Sejm accepted the report on the economic activity in 1986 (with three votes against and 18 abstentions) and passed a vote of acceptance for the government for that period.

Vice-Premier Zdzislaw Sadowski presented a government report on its work on the 2nd stage of the economic reform in the light of the outcome of public consultation.

Presenting directions of the government's work on the implementation programme, Sadowski said that one of the most important tasks is to balance the economy. There is no reason to fear that the government will try to balance the economy only through price rises. The basic assumption is to balance the economy through growth of supply.

While preparing the programme of implementing the 2nd stage of the reform, the government is focusing at the moment on defining urgent necessary actions, to be carried out still this year. Speaking about areas calling for urgent actions, Sadowski mentioned the improvement of the principles of foreign trade functioning.

Sejm passed a law on the Office of Ombudsman with 2 votes against and 9 abstentions.

CONSULTATIVE COUNCIL'S SIGNIFICANCE VIEWED

AU221339 Warsaw RZECZPOSPOLITA in Polish 20 Jul 87 p 2

[Statement by RZECZPOSPOLITA journalist Ryszard Wojna on the most recent session of the Consultative Council attached to the State Council chairman: "Following the Consultative Council's Fourth Session"]

[Text] As agreed at the third session of the council, we continued our discussion about Professor Jan Szczepanski's materials. Let me recall that this brilliant sociologist assumed the burden of summarizing the essential features of our discussions during the first and second sessions in order to create a base for further deliberations on how to "improve the republic." The text of his summing up was published in a Special Issue 3 of RADA NARODOWA. It really pays to read this publication, and some council members attach great historical importance to it, placing it on the level of Konarski's and Kollataj's [18th century social reformers] works.

Last Friday we discussed many topics. Council members have the right to discuss any topic they consider important. Here is a rough list of the topics we discussed: Various aspects of family protection, including restoration of educational allowances; the danger of the energy crisis in the nineties; conclusions that Poles draw and should draw from the teachings proclaimed by John Paul II during his most recent pilgrimage to Poland; the appeal that those who want to take advantage of their constitutional rights should not be treated as oppositionists; the way the party should influence state affairs; the dramatic housing situation of the young generation; the desirability of replacing the term "economic crisis" with a more comprehensive and accurate term; the need to intensify the struggle against alcoholism; the bad technical state of Polish prisons; the loosening of personal responsibilities in our political and economic life; Polish hopes for fruits of Wojciech Jaruzelski's visit to Japan; degradation of small townships; the issue of "blank spots" in the history of Polish-Soviet relations; and some social and political aspects of the second stage of the economic reform.

As you can see, the range of our topics is enormous, but when you listened to the discussion, which lasted almost 12 hours, you got a distinct impression that its central issue was to search for what is most essential in our present problems and troubles. This provided Professor Szczepanski with an almost jocular pretext for stating that all Polish searches for solutions to difficult problems facing the nation and the state had been dominated from the time of Frycz Modrzewski [16th century thinker] by the wish to discover that very decisive force that, once set in motion, will overcome all our miseries. But perhaps the point is not to look to the largest and most important issues, but to try to properly solve small problems of the man in the street? Problems like making sure that vegetables bought in state shops do not wither immediately.

If we want vegetables sold in shops to be fresh, which is an important issue, we must ensure that the mechanisms of our economy are such as to ensure this freshness. That is why at this session of the Consultative Council, which is a body that views general aspects of various problems, we discussed primarily institutional solutions.

Did we have disputes? Certainly. We did not achieve agreement on every issue and we did not intend to. What was more important was to ensure that, given all the various motivations and viewpoints, everyone was concerned for the same issue: How to trigger social energy by making people realize the import of changes in the logic of our system, in the way in which socialism exists in our country. This is what I said when I began my speech.

That session was the council's fourth session. As you know, its members represent various political and ideological communities. (PZPR members are in minority.) Many members met for the first time. At our first session Wojciech Jaruzelski called the council a "historical experiment."

Today, following the council's fourth session, we can speak of the council's beginning to change from a collection of autonomous units into an institution that develops elements of common ideas about the state and society and creates its own rules of the game. The State Council chairman defined it more or less like this: The Consutlative Council is not an institution, but is becoming one.

This definition enabled a council member to say that perhaps it might be possible and desirable to reverse the word order in the saying that in order to reach agreement it is first necessary to understand each other.

W. Jaruzelski responded: If we reach agreement on the importance of our cooperation for the Republic's good, we will find it easier to understand each other.

This is not only a play on words. This is also the basis of party strategy vis-a-vis those in our society who think differently.

In this context many positive statements were made at the session about the cooperation at various levels between the church hierarchy and state authorities in connection with preparations for John Paul's II pilgrimage to Poland. This cooperation has passed and continues to pass its great test.

All council members agreed that our session was productive. At the next session we will discuss issues of the economic reform. What matters is that the views and proposals made in the fine Belveder Palace hall become subjects of government work, materialize in the Sejm's legislation, and are thrashed out by the Politburo. Present experience makes it necessary to ponder on how to provide fuller information on this subject for our people.

As usual, a full transcript of the most recent session of the council will be published in a special edition of RADA NARODOWA within a month or so.

RZECZWISTOSC ON OPPOSITION TO UPGRADING OF ZLOTY

AU221231 Warsaw RZECZYWISTOSC in Polish 5 Jul 87 p 3

[Jan Rak article: "Who Does Not Want To Heal The Zloty?"]

[Excerpts] The program to "heal" the zloty is an integral part of the second stage of the economic reform. I have purposefully used the verb "heal" and not "strengthen," which the official document issued by the Polish National Bank uses, because the program provides for shock therapy in the area of our economy's turnover in goods and funds. This means that healing is involved and not prevention as suggested by the title of that document. [passage omitted]

That the authors of the program are also convinced that changes proposed by it are shock therapy is attested to by the rider of the document, which makes a hypothetical evaluation of the impact of these changes on group interests and public moods -- that is, analyzes the attitude of groups of society and of the entire population toward the principles of the second stage of the reform. The inclusion of such data in an official document is a sui generis precedent of great significance. Well, it is probable that the assumption is ripe that despite all propaganda efforts the economic reform has both its champions and adversaries. As experience of history shows, those who express the most vehement verbal support for new solutions may include persons with impure intentions. [passage omitted]

For some people the economic reform has created opportunities for material or social advancement but has excluded other people from it, which means that their material interests have been violated. That is why activities against new mechanisms and rules are a typical response of those groups of society that "have lost," and this is a source of serious sociopolitical conflicts.

Perhaps too much attention is being attached to the social aspect of changes calculated to heal the zloty. There are two reasons for this. First, as results of the Public Opinion Research Main Center show, the response of social groups and their attitude toward the reform are equivocal. That is why it is worth asking whether the majority of our people want a consistent economic reform. Second, many press and other statements have suggested that we lack reliable sociological analyses of our society's structure and have alleged on the strength of this that we also lack an economic policy. There are many examples to back up this thesis, and it is enough to say that official party documents still continue to use the traditional and schematic division of the nation into the workers class, peasantry, and the intelligentsia -- a division that made sense in the 19th century, but does not make sense in the 20th century -- being oblivious to the fact that none of these groups is homogeneous and that all of them are divided insofar as concepts and potentials of realizing their own material interests are concerned.

That is why I think that it is worth paying closer attention to social and political determining factors in the realization of the program, while paying less attention to economic goals and results of proposed solutions, which have already been discussed by the daily press.

The aforementioned sociological analysis stimulates the response of social groups and of society as a whole toward specific measures. The first measure that is mentioned is removing barriers that hinder economic militancy. It is estimated that society will positively appraise such a measure and that various interest groups should not display negative responses to it. One could agree with this assumption, but the thing is that our society labors under some measure of inertia, a manifestation of which is the fact that we have been trained in the spirit of peculiar collectivism and not competition. The following kind of thinking may appear: I agree that we all should suffer want in common, but I do not agree that I should suffer want alone, while my neighbor is well off. Such thinking is quite frequent. (After all, we all have the same stomachs.) As the analysis shows, negative responses may be produced by workers whose productivity and wages are low. [passage omitted]

The list of those opposing proposed solutions is as follows: The managing cadres in the monopoly sectors and in enterprises threatened by bankruptcy, potential owners of coupons for cars and additional gasoline supplies, the personnel of enterprises that profit by concessions and subsidies (not all such enterprises), some employees of the Polish National Bank (because of the reform of the banking system), and those groups of professional people of the banking system), and those groups of professional people who enjoy easy access to convertible currencies (action to lower the black market rate of the dollar will reduce their opportunities). Altogether this is quite an army of people, and every element of the program will be opposed by specific forces of society. We should add to them a large part of the central administrative apparatus -- people in this apparatus have gotten used to handling certain funds, but this handling will be taken over by banks in line with new solutions -- and the political apparatus, members of which have gotten accustomed to direct interference in the economy. And although most of these groups of people continue to verbally support the economic reform, they will oppose it in practical activities.

PZPR'S BEDNARSKI ADDRESSES GRUNWALD RALLY

LD160926 Warsaw PAP in English 0112 GMT 16 Jul 87

[Text] Warsaw, July 15 -- A patriotic demonstration, attended by several dozen thousand participants, was held at the Grunwald Fields, north-eastern Poland, today, to mark the 577th anniversary of the Polish historic victory over the teutonic order in the battle of Grunwald.

The rally was attended by members of the Presidium of the National Grunwald Committee with its chairman, PUWP CC Political Bureau Member, Vice-President of the Council of State Kazimierz Barcikowski, PUWP CC Secretary Henryk Bednarski and head of the Main Political Board of the Polish Army, Gen. Tadeusz Szacilo.

Bednarski delivered a speech to mark the occasion, in which he said:

"The Grunwald ideals are inseparably tied today with the ideology of People's Poland, its reason of state.

"But Grunwald is also a warning that forces hostile to Poland, opposing peace, coming out against the settled borders can always revive.

"Grunwald is also a warning that, just like some states of Western Europe supported the teutonic knights, now some partners of the FRG support revisionist, revanchist strivings.

Bednarski went on to say:

"A proof of this was provided by U.S. President Reagan in his address of last June 12 delivered in Western Berlin. The way he presented the German issues constitutes a threat to the postwar order in Europe and also to our country.

"That is why, along with other socialist countries, we make efforts to maintain and consolidate peace in the world.

"The recent Jaruzelski plan, which is so strongly rooted in the Polish experiences and the defensive doctrine of the Warsaw Treaty states, also serves this."

Also today, a meeting of representatives of towns, villages and organizations honoured with the Grunwald cross was held in Olsztyn, north-eastern Poland. The debates were attended by 179 represenatives of the Grunwald communities (out of 207 ones grouped in the National Grunwald Committee). Present was the committee's chairman Kazimierz Barcikowski.

DKP'S MIES ON REVISIONISM, PZPR COOPERATION

AU221105 Warsaw TRYBUNA LUDU in Polish 20 Jul 87 p 5

[Interview with Herbert Mies, chairman of the German Communist Party (DKP), by Ryszard Drecki: "The Goals of Struggle by the FRG Communists" -- Poland, date and place not given]

[Excerpt] [Passage omitted] [Drecki] We know that the party of the FRG Communists has been acting under difficult conditions. Can you tell us about this party's development and present condition, comrade chairman?

[Mies] We know our strong points and weaknesses. The difficult conditions are, in fact, boosting our pride in our achievements, but they do not explain the weaknesses, which often stem from our own imperfection. The DKP is a considerable extraparliamentary opposition force, but it has not been able to win a suitable place among representative bodies. The DKP possesses considerable influence at the factory level, but its influence on the workers class as a whole does not suit today's needs. The party realizes this and thinks about it, therefore one can say that right now it is at a stage of productive unrest, involving the seeking of ways to generally increase our influence on the workers class.

[Drecki] Voices questioning European borders have once again made themselves heard in the FRG recently. It is becoming increasingly clear that this revisionist activity is connected with the general imperialist strategy aimed at undermining the order that was established at Yalta and Potsdam. What does the DKP think of this trend?

[Mies] The revival of nationalist and revisionist fiction proves that those FRG forces that have never come to terms with reality still possess considerable strength. It also displays a joint effort with the Reagan Administration to torpedo new chances of perpetuating peace. We perceive in this activity signs of the old aggressiveness, and at the same time an attempt to launch an offensive against the territorial integrity of the socialist countries, make it impossible for a new way of thinking on the subject of international affairs to pave its way in the FRG, and prevent the FRG from playing a constructive role in Europe.

Obviously, our political and ideological principles tell us to repel this offensive by revisionist and cold-war forces and conscientiously observe the treaties concluded between the FRG on the one hand and the USSR, Poland, and other socialist countries on the other.

[Drecki] How do you view the possibilities of cooperation between our two parties, especially after your present visit and talks with Comrade Wojciech Jaruzelski?

[Mies] Contacts and cooperation between the DKP and PZPR are developing on the basis of the common ideals of peace and socialism. Their characteristic feature today is also the fact that they are encouraging new possibilities of freeing Europe and the world from the threat of nuclear annihilation and that both parties are opposing the new efforts -- I have said this already -- to question the Polish people's inalienable right to have safe borders. In this context, one can say that any forms of cooperation between our parties whatsoever, whether contacts at leadership level, or the cooperation between the DKP's Bremen District cell and the Gdansk Voivodship PZPR organization, or the contacts between your paper and our UNSERE ZEIT, correspond to our parties' desire, stemming from the principles of socialism, to contribute toward a proper shaping of relations between our countries We regard these relations as an important part of cooperation between our parties whatsoever, whether contacts at leadership level, or the cooperation between the DKP's Bremen District cell and the Gdansk Voivodship PZPR organization, or the contacts between your paper and our UNSERE ZEIT, correspond to our parties' desire, stemming from the principle of socialism, to contribute toward a proper shaping of relations between our countries. We regard these relations as an important part of European peace. We wish to continue to act in this spirit and direction.

[Drecki] Thank you, comrade chairman.

GORYWODA PRESS CONFERENCE ON 1988 CENTRAL PLAN

LD212050 Warsaw PAP in English 1910 GMT 21 Jul 87

[Text] Warsaw, July 21 -- The 1988 Central Annual Plan provides for a faster economic growth than the average one in the years 1986-1990, chairman of the Government Planning Commission and Poland's Vice-Premier Manfred Gorywoda told a press conference here today.

The main goals of the 5-year plan such as restoring the equilibrium and faster modernization of the production fixed capital accompanied by the technological progress and restructuring of the economy remain topical.

The economic development is to be based mainly on labour effectiveness. This requires that the economic policy be coordinated with the assumptions of the 2nd stage of the economic reform. It is also necessary to decrease energy- and material-consumption of production by about 2 percent.

In 1988, another step will be made to limit central distribution of raw and intermediate materials. The central distribution list will include only 25 groups of goods whereas, in 1985, it covered 116, Gorywoda said.

A possibility to establish commercial law companies with a share of various economic subjects will be conducive to financing efficient activity of enterprises.

Plans provide also for changes in crediting the housing construction, possibilities to buy bonds by natural persons, etc. All these elements are related to balancing the economy, a goal which moves into the forefront, said Gorywoda.

A growth of real supply of goods and services within 2.5 percent is to be conducive to reaching the market equilibrium. There are also plans to curb one of the inflation sources, namely, the budget deficit. Budgetary revenues and expenses are to be fully balanced next year. This calls for limiting subsidies to, first of all, raw and intermediate materials and fuels, a gradual departure from the cost price formula and introduction of equilibrium prices, above all, on goods produced by the electronic industry, household equipment, cars and some products manufactured by the light and furniture industry, Gorywoda said.

It is planned to maintain a rigorous principle of high taxes on the higher growth of wages in enterprises than that envisaged by the central annual plan, only with small modifications. The point is to exclude as of August 1 utility services from the 12-percent ceiling of pay rises, said he.

The vice-premier also announced compensations for growing living costs due to future price rises of basic articles. Work is under way on defining a "goods basket" for which prices are to be compenstated for with a growth of wages and incomes.

The intensification of trade and economic cooperation with other countries is a significant element of the next year's plan, Gorywoda said. It is planned to achieve a certain surplus of the balance of payments in turnover with socialist states. The point is not to increase indebtedness. Other significant steps will be made to decrease the growth-rate of debt accumulation in capitalist states.

The assumptions of the 1988 central annual plan provide for a growth of national income by 3.4 percent, of net output in industry -- by over 4 percent, of consumption -- by 2.1 percent, of accumulation -- by 3.7 percent. The growth-rate of exports is planned to be higher than that of imports by 10 percent.

JARUZELSKI CHAIRS DEFENSE COMMITTEE SESSION

LD202336 Warsaw PAP in English 1946 GMT 20 Jul 87

[Text] Warsaw, July 20 -- A session of the National Defence Committee, chaired by Gen. Wojciech Jaruzelski, was held today.

The committee sized up the work of voivodship defence committees and defence work of the ministries of transport, health and social welfare, and adopted appropriate resolutions.

PARTY OFFICIAL ON 'STATE,' 'PRIVATE' WORKERS

AU201231 Warsaw SZTANDAR MLODYCH in Polish 14 Jul 87 pp 1, 2

[Interview with Stanislaw Golka, economic secretary of the Koszalin City Committee of the PZPR, by Waldemar Cwieka: "'State' Workers Should Be as Well Off as 'Private' Workers" -- date and place not given]

[Excerpts] [Cwieka] It is primarily building workers who continue to leave their state firms in favor of the private sector and to work as builders -- often on the same building sites -- for wages that are quite different. Where money is involved feelings do not count. Is there any chance that workers who stay in the "state" sector can earn the same wages?

[Golka] It is possible for state enterprises to compete with wages in the private sector. Even today "state" workers are able to earn Z70,000-80,000 a month.

[Cwieka] But these are exceptions.

[Golka] At least two conditions must be fulfilled to make such wages more universal. First, state enterprises should become increasingly independent and, second, something must be done to ensure that private firms are not merely places in which one can make easy money rapidly. However, we should not forget that the differences between state and private wages are also caused by the fact that "state" workers work 8 hours a day and get free soap, towels, meals, bus transportation, and so on. This is only correct because we have fought for these rights under socialism. "Private" workers often work over 10 hours a day and enjoy no social and no everyday comforts at work.

[Cwieka] But it is also true that the private sector's profits are so different because the state sector is full of administrative workers. And why? Because we are still unsure whether a worker will work if someone does not oversee him. As for "private" workers -- at least those in the building trades -- they carry their own tools and the only "office worker" who oversees them is their boss, who does their work with them.

[Golka] We all now know that if the second stage of the economic reform is to succeed the motivational functions of wages must be strengthened, but it has not been possible to fully implement this condition. For example, only 60-70 percent of state enterprises in Koszalin have dared to make crucial changes. [passage omitted] It seems to me that enterprises continue to wait for central decisions. Most people agree that crucial changes are necessary, but that those above should be the first to set examples. This is correct to an extent, but it is also dangerous. Speaking for myself, I know that enterprises that were first to comprehend the meaning of independence are now doing extremely well, but those who dillydallied are now in financial trouble.

[Cwieka] That is why those who not so long ago would not dream of allowing a state enterprise to go bankrupt under socialism now say that bad enterprises should indeed go bankrupt. [paragraph continues]

I ask you: What position should the party assume in such cases? It is clear that the party is in favor of the economic reform and all its results, but the party is also responsible for social policy and must protect the working people's interests. For example, your city committee came out strongly in favor of the Koszalin Car Repair Combine, which was on the brink of financial ruin....

[Golka] We do not regret this decision because we thought that although many errors had been made by the combine, the assistance for it from the founding body was most negligible. I can tell you that the combine is now doing well enough to escape the specter of bankruptcy.

[Cwieka] However, I am afraid that if we rescue other enterprises as well by pumping into them additional millions of zlotys people will assume that all our enterprises are efficient.

[Golka] We do not rescue every enterprise. A building enterprise in Koszalin is already bankrupt and five other industrial enterprises, some of which are quite large, are in a very difficult situation. It is true that they continue to plead with us for help and that we continue to analyze their positions. However, we cannot rescue them because they have been in existence for many years, because they have achieved something, because their work forces are dedicated, and so on. If only such reasons are in favor of their further existence we cannot accept them. [passage omitted]

CITIZENS DECORATED AT STATE AWARDS CEREMONY

LD212242 Warsaw PAP in English 2129 GMT 21 Jul 87

[Text] Warsaw, July 21 -- Ninety merited citizens, representatives of various milieus from all over Poland, who often for years have been providing examples of self-sacrificing service and honest work for the good of the homeland, were decorated with state distinctions at a gala meeting at the Belvedere Palace here today, on the even of Poland's national day.

The ceremony was attended by Wojciech Jaruzelski, Zbigniew Messner, Roman Malinowski, Jan Dobraczynski, vice-presidents of the Council of State, and members of the leadership of the PUWP, the democratic Party and the United Peasants' Party.

While addressing those awarded with state distinctions by the Council of State on the 43rd anniversary of the July manifesto of the Polish Committee of National Liberation (PKWN), Wojciech Jaruzelski conveyed to them -- on behalf of the supreme political and state authorities -- sincere greetings, congratulations and wishes.

The president of the Council of State thanked them for performing their civic and professional duties better than other and sparing no efforts to provide their homeland with as many benefits as possible.

FURTHER REPORTAGE ON VISIT BY LCY'S KRUNIC

Official Talks Begin

AU221908 Bucharest AGERPRES in English 1820 GMT 22 Jul 87

[Text] Bucharest, AGERPRES, 22/7/1987 -- Official talks started in Neptun resort on Wednesday afternoon between Nicolae Ceausescu, general secretary of the Romanian Communist Party, president of the Socialist Republic of Romania, and Bosko Krunic, president of the Presidium of the Central Committee of the League of Communists of Yugoslavia.

The talks are attended

For Romania by: Emil Bobu, member of the Executive Political Committee, secretary of the CC of the RCP, Ion Stoian, alternate member of the Executive Political Committee, secretary of the CC of the RCP, Silviu Curticeanu, secretary of the CC of the RCP, Constantin Mitea, adviser to the general secretary of the Romanian Communist Party and president of the Socialist Republic of Romania, Nicolae Mihai, deputy head of section at the CC of the RCP, Constantin Oancea, deputy foreign minister, Dumitru Popa, Romania's ambassador to the SFR of Yugoslavia.

For Yugoslavia by: Marko Orlandic, member of the Presidium of the Central Committee of the League of Communists of Yugoslavia, Marko Lolic, executive secretary of the Presidium of the Central Committee of the LCY, Djordje Krivokapic, consul-general of Yugoslavia in Timisoara, Milan Marinkovic, director ad interim at the Federal Secretariat for Foreign Affairs, Ljubinka Mitrovic, chief of section at the CC of the LCY, Milena Nenadovic Petkovic, chief of the Presidential Office of the CC of the LCY Presidium.

Comrade Nicolae Ceausescu warmly greeted Comrade Bosko Krunic to our country and showed how pleased he was to continue a traditional dialogue that contributed moments of utmost significance for the expansion of the good relations between our parties, states, and peoples. In the name of our party and state leadership and of himself, Comrade Nicolae Ceausescu warmly welcomed Comrade Bosko Krunic, president of the Presidium of the LCY Central Committee, and wished him well.

For his part, Comrade Bosko Krunic deeply thanked for the invitation to visit Romania and stated his satisfaction for the meeting and the possibility to exchange views on questions concerning the growth of the ties of friendship and cooperation between the two parties, between Romania and Yugoslavia, between our neighbour and friendly states and peoples. At the same time, Comrade Bosko Krunic conveyed Comrade Nicolae Ceausescu, the Romanian party and state leadership warm greetings and cordial wishes from the Presidium of the LCY's Central Committee.

The two party leaders expressed their belief that the present high-level meeting will give durability and broader scope to the Romanian-Yugoslav relationship, as well as an impact to these traditional ties.

The first round of talks covered the concerns and work of the Romanian Communist Party and the League of Communists of Yugoslavia, the present-day political and economic life in the two countries, the achievements of the Romanian and Yugoslav working people in the building of the new system.

Essential questions of the growing relationship of the two parties and countries were also taken up. The general secretary of the Romanian Communist Party and the president of the Presidium of the LCY Central Committee underscored the positive course of the relations of cooperation and good neighbourliness between Romania and Yugoslavia, between the peoples of the two states. Broad possibilities were assessed to exist for an intensification of the economic cooperation through joint efforts, for the growth and diversification of trade, for the expansion of cooperation in production, technology, science, culture, and other areas. The common wish was expressed to further broaden these fertile links to mutual benefit, to the benefit of the general cause of socialism and peace.

The talks underlined the great significance of the strengthening of the cooperation between the Romanian Communist Party and the League of Communists of Yugoslavia, for the expansion of the bilateral relationship, of the good friendly and cooperative ties between our states and peoples, and of their cooperation in all fields.

The atmosphere of the talks is one of warm friendship, mutual understanding and regard.

Cooperation Discussed

LD221824 Belgrade TANJUG Domestic Service in Serbo-Croatian 1659 GMT 22 Jul 87

[Text] Constanta, 22 Jul (TANJUG) -- Official talks at the top level between an LCY delegation and a RCP delegation began this afternoon in Neptun, the summer residence on the Black Sea of Nicolae Ceausescu, RCP secretary general and Romanian president. Bosko Krunic, president of the LCY Central Committee Presidium, and Nicolae Ceausescu with their aides briefed each other about the activities of the two parties in internal affairs and events in the two countries. The first round of the meetings and talks between the heads of the two parties and countries, as well as some questions of international relations of mutual interests. Particular attention was devoted to bilateral economic relations and the development of higher forms of cooperation in this area. It was assessed that ways and forms of cooperation developed so far no longer allow a more significant increase in its volume, and that in practice there should be more examples, such as the Djerdap 1 and 2 Hydroenergetic and navigation system. both sides concluded that there is significant and real potential for further increase of cooperation in all areas, as well as for developing new content.

Yugoslav-Romanian party talks are expected to continue tomorrow afternoon when the two sides should resume an exchange of views on the world situation, events in the communist and workers' movement; the situation on the Balkan peninsula and the initiatives and activities to turn it into a nuclear and chemical weapons-free zone, as well as a region of cooperation, understanding and good neighborliness.

This evening RCP Secretary General Ceausescu will give a formal dinner in honor of Bosko Krunic and the LCY delegation, at which they will exchange toasts.

Dinner Toasts Exchanged

LD230851 Belgrade TANJUG in English 0055 GMT 23 Jul 87

[Text] Constanta, July 23 (TANJUG) -- Romanian Communist Party Secretary General Nicolae Ceausescu has assessed Romania's cooperation with Yugoslavia as highly successful and stressed the need for its further development. In a toast at a dinner party given last night in honour of League of Communists of Yugoslavia (LCY) Presidency President Bosko Krunic at the Black Sea holiday resort Constanta, the Romanian party leader assessed the international situation as serious and complex and supported the peace initiatives currently being taken by Moscow. He underlined the need for further developing cooperation in the Balkans and turning the peninsula into a zone free of nuclear and chemical weapons.

In a return toast, LCY Presidency President Bosko Krunic positively assessed the development of relations between the two countries and parties. He then welcomed the initiatives of certain countries at the international level. In this context, Krunic urged the signing of a disarmament accord between the Soviet Union and the United States.

The Balkans peninsula must not fail to take action for easing tensions, he said. In this context he spoke of Belgrade's initiative for convening a Balkan states' ministerial conference which should contribute to better cooperation in the region.

The LCY delegation today continues its visit to Romania and will tour several tourist resorts at the Black Sea and the Danube-Black Sea Canal.

Ceausescu Toast

AU230721 Bucharest AGERPRES in English 2003 GMT 22 Jul 87

["President Nicolae Ceausescu's Toast" -- AGERPRES headline]

[Text] Bucharest, AGERPRES, 22/7/1987 -- Distinguished Comrade Krunic, distinguished guests,

I wish once again to say how satisfied I, our party and state leaders are for your Romania visit. I want to take this opportunity and warmly welcome you, the other Yugoslav friends to Romania in the name of the party and state leadership and of myself.

Your visit is another expression of the good relations between our parties and peoples. A highly important role in the growth of these relations was played by the meeting and talks I had with Josip Broz Tito, each of which opened up new horizons to the traditional Romanian-Yugoslav ties set on the basis of full equality, respect for national sovereignty and independence, noninterference in domestic affairs and mutual advantage. Life has proved the correctness of the established summit meetings practice once or several times a year to discuss questions of common interest, to strengthen our bilateral cooperation and international activity.

In the talks we opened today we made a broad exchange of opinions on the work of our parties and peoples for socialist construction, and on a number of questions of cooperation in the economy, science, technology and other areas. We will continue our talks and our discussion of international qestions and of other matters of mutual interest. But from our discussions today one can say we reached joint conclusions on the need for stepped-up efforts toward consolidating collaboration and cooperation in production in various forms apt to help a more intense growth of economic relations between the two countries.

In the context, we gave special attention to the ties between our parties, the ways of boosting cooperation between the Romanian Communist Party and the League of Communists of Yugoslavia. Considering the role the parties in our countries play in the development of economic and social activities, the strengthening of cooperation and collaboration between the Romanian Communist Party and the League of Communists of Yugoslavia will undoubtedly exert a good influence on growing ties between the two countries.

We have noticed your and the League of Communists of Yugoslavia's concern for the settlement of problems related to socioeconomic progress and the ensurance of firm advance on the road of socialist development. We rejoice at the achievements of the League of Communists of Yugoslavia, of the Yugoslav peoples in the resolution of the complex problems of socialist progress, in the ensurance of a powerful economic and social advance of Yugoslavia, in the consolidation of its independence and sovereignty.

In the spirit of the good links between our parties, countries and peoples I should like to wish you, the League of Communists of Yugoslavia ever greater successes in your activity.

For my part, I told you about some of the Romanian party and people's concerns to implement the Thirteenth Congress decisions, the party program of building the multilaterally developed socialist society, and advancing to communism.

Intensive development on the basis of the latest gains of science and technology, of all fields is the centrepiece of our work. We take action for the continuing improvement of the economic and social system, starting from the need to manage all activities on the basis of the national plan, and of the demand to improve the democratic organisms of management of all fields os that they may function well.

With the thesis of socialist construction with the people for the people as a basis, we have built a broad democratic system as part of which all social segements, all people take part in the administration of all activities, because we take the view that socialism can be achieved only if there is the broadest possible democracy.

The complex problems Romania also has to cope with to fulfill its economic and social development programmes call for a joint cooperation with the socialist countries and, in this framework, we attach a great importance to our cooperation with Yugoslavia. We started and start from the fact that socialism -- that has extend to a large number of countries and is a powerful world force -- develops differently from country to country and from period to period.

Life, practice have proved that there cannot be a compulsory model for socialist construction, that the application of the objective general laws differs from country to country, and from period to period. One can say that it is precisely in this diversity that the force and strength for socialist development in each country lies and that gives wonderful support for the assertion of socialism worldwide.

I say it again, we think this also requires strengthening cooperation and solidarity of the countries building socialism so as to ensure each one's firm advance, the development of each national economy, the people's higher material and spiritual standards of living.

It is with this as a basis that the relations between Romania and Yugoslavia, between the Romanian Communist Party and the League of Communists of Yugoslavia have lastingly developed in the spirit of long-standing traditions of friendship, collaboration and solidarity. Our parties are in duty bound and must do their utmost to still more powerfully develop these relations which are underlain by principles of full equality, mutual respect for national independence and sovereignty, non-interference in domestic affairs, which is the reason for their being durable and for their ever more powerful assertion as an example of new-type relations between parties, between neighbour and friendly countries.

As for international issues, as is well known, they continue to be particularly complex and serious. The existence of nuclear weapons, of other weapons of mass destruction imperatively calls for a new approach to war-and peace-related problems. We live such a time in which the use of nuclear weapons can destroy conditions for life on our planet. That is why a new world war in which nuclear weapons would be inevitably used is inconceivable. Generally speaking, wars are inconceivable in an era of nuclear weapons. Therefore, Romania holds the view that everything possible should be done for the elimination of nuclear weapons and, along this line, it backs the Soviet Union's proposals. We are for the early conclusion of discussions on elimination of medium-range nuclear weapons from Europe and of theatre weapons. On that line, we support the Soviet Union's proposals. But we think that the U.S.A. also put forth a number of proposals that can be a basis for agreement.

We stand for a passage to conventional weapon cuts. Romania unilaterally decided last year to cut by five per cent these arms and military spending.

We are for the building of security and strengthening cooperation in Europe, for the conclusion of the Vienna conference with the best possible results.

In this framework we consider that we should keep up our efforts and create a zone free on nuclear and chemical weapons, and of foreign military bases in the Balkans. And it is our view that, in the attainment of these aims, Romania and Yugoslavia alongside the other countries can have an important role to play.

We are for the settlement of all interstate conflicts only by way of negotiations. We are for an international Middle East conference in which all parties interested — including the PLO — would take part.

We take the view that the Iran-Iraq war should end without delay. We welcome the resolution that the Security Council passed these days urging an immediate end to military actions and a political settlement of all the problems the two states have.

In consideration of the very serious world economic situation, of the position of the developing countries more particularly, we are for a new world economic order, for the global settlement of the underdevelopment problems, and are of the opinion that an international conference should be called to deal with these goals.

The Romanian Communist Party is for and broadly develops its links with all the communist and workers' parties, with socialist and social democratic parties, with all the progressive forces, with all those declaring for a policy of peace, national independence and socioeconomic progress.

Although the world situation is serious, we believe that there are forces in the world able to change the course of events and guarantee the triumph of reason, collaboration, disarmament and peace.

I should like to mention with great satisfaction the active collaboration between our countries in various international bodies as well as directly, in the Balkans and in other zones, as regards the complex problems of the international life.

I am convinced that your visit, the talks we are conducting will open up fresh prospects to boosting cooperation between our parties and countries both bilaterally and internationally.

With this conviction in my mind, I should like to raise the glass to the growth of collaboration between our parties and peoples, to wish the friendly Yugoslav peoples and the League of Communists of Yugoslavia ever greater successes in their activity.

To your health, Comrade Krunic,

To the health of you all.

BRIEFS

SECOND FERRY DELIVERED -- Bucharest, AGERPRES, 22/7/1987 -- After launching early this month the "Pacea" 150,000 dwt oil tanker, the workers of Romania's largest shipyard -- Constanta -- have delivered the second 12,000 dwt ferry boat. Its assembling took a record short time -- some two months, as modern procedures were used. Other ships as well are in various stages of construction at that shipyard that along the years ensured half of the total current capacity of Romania's merchant fleet (some 4.3 million dwt). The last preparations are on for the launching on the maiden voyage of the fifth 150,000 dwt oil tanker "Oltenia". The first Romanian 85,000 dwt oil tanker "Prahova" is under construction there, as well as 65,000 dwt oil tankers. [Text] [Bucharest AGERPRES in English 0515 GMT 22 Jul 87 AU]

KRUNIC THANKS GDR'S HONECKER FOR CONGRATULATIONS

AU201506 East Berlin NEUES DEUTSCHLAND in German 17 Jul 87 p 2

[Text] East Berlin (ADN) -- Bosko Krunic, president of the LCY Central Committee Presidium, has sent the following message to Erich Honecker, general secretary of the SED Central Committee and chairman of the GDR State Council:

"I thank you very much for the congratulations that you conveyed to me on the occasion of my election to president of the LCY Central Committee Presidium."

"I share your opinion that the friendly relations between the LCY and the SED will continue to further develop and deepen in the interests of our people, of peace, and of social progress."

MOJSOV SENDS GREETINGS TO JARUZELSKI, ORTEGA

AU221507 Belgrade BORBA in Serbo-Croatian 21 Jul 87 p 4

[Text] Lazar Mojsov, president of the SFRY Presidency, has sent congratulations on national holidays to Wojciech Jaruzelski, chairman of the Council of State of Poland; King Baudouin of Belgium; Daniel Ortega, president of Nicaragua; and Virgilio Barco, president of Colombia.

PRESIDENCY DISCUSSES UN RESOLUTION, RELATIONS

LD222136 Belgrade TANJUG Domestic Service in Serbo-Croatian 1414 GMT 22 Jul 87

[Text] Belgrade, 22 Jul (TANJUG) -- At a session today presided over by Lazar Mojsov, the SFRY Presidency examined the latest situation in connection with the Iran-Iraq war and the resolution of the UN Security Council adopted on 20 July, 1987, that calls for the urgent cease-fire, the halting of all military actions, and the withdrawal of the conflicting countries' forces to internationally recognized borders.

The Presidency pointed out that from the beginning our country, as well as the Nonaligned Movement, has advocated a just ending of this tragic conflict between the two nonaligned countries with which our country has friendly relations. The Presidency assessed the Security Council resolution as making a positive contribution to such efforts, and expressed hope that they will lead to as rapid as possible ending of the war and the establishment of all-embracing and just peace in this region, while respecting both countries' interests, stability, and peace in the region.

The Presidency was also reported to have examined and adopted reports on the visits to Yugoslavia by Husni Mubarak, president of the Arab Republic of Egypt, and Sergio Ramirez, vice president of the Republic of Nicaragua.

With regard to the talks with Husni Mubarak, president of the Arab Republic of Egypt, the Presidency noted a positive development of political, economic, scientific-technical, and other forms of cooperation between Yugoslavia and Egypt, as well as cooperation within the framework of multilateral activities, especially the Nonaligned Movement, the United Nations, the Mediterranean region, and others. The visit reflected both countries' readiness to further promote mutual relations and cooperation, especially at the economic level, through continual joint efforts and encouragements, in the interest of the two countries and further afield.

Assessing the Yugoslav-Nicaraguan talks, the Presidency noted that this visit was an expression and confirmation of a mutual interest in dialogue on bilateral and international issues, as well as in the further promotion of friendly relations and cooperation between the two nonaligned countries. On this occasion also, Yugoslavia reaffirmed its resolute support for and solidarity with the just struggle of the Nicaraguan people in defense of independence, sovereignty, and the right to choose their own way of internal development.

The Presidency also passed a decision to pardon a number of convicted people.

MOJSOV RECEIVES SWISS, CANADIAN ENVOYS

AU211741 Belgrade BORBA in Serbo-Croatian 16 Jul 87 p 4

[Text] Lazar Mojsov, president of the SFRY Presidency, received in separate farewell visits John Faser, the ambassador extraordinary and plenipotentiary of Canada to Yugoslavia, and Alfred Hohl, the ambassador extraordinary and plenipotentiary of Switzerland.

CKREBIC ATTENDS MOROCCAN PARTY CONGRESS

AU221954 Belgrade POLITIK.. in Serbo-Croatian 19 Jul 87 p 2

[Text] Rabat, 18 Jul (TANJUG) -- Dusan Ckrebic, member of the LCY Central Committee Presidium, attended the opening of the Fourth Congress of the Party of Progress and Socialism of Morocco (PPS) held in Casablanca.

Ckrebic also visited Rabat where he held talks with Moroccan officials including Moulay Ahmed Cherkaoui, secretary of state for Foreign Affairs, and Djelal Essaidi, first vice president of the national parliament [name and title as published].

In their talks they touched upon relations between the two countries and expressed a wish and need for further contacts to improve the existing situation and create conditions for advancing relations and cooperation.

MIKULIC CHAIRS FEC SESSION ON SERVICE, PRODUCT COSTS

LD222325 Zagreb Domestic Service in Serbo-Croatian 1300 GMT 22 Jul 87

[Text] At a session presided over by Branko Mikulic, the FEC agreed on the specific elements for forming the prices of electricity, coal, post and telecommunication services, and domestic rail fares. According to a statement by the Federal Secretariat for Information, these prices will in the future be determined by the communities of infrastructural activities and coal producers on the basis of common elements. This orientation will enable the producers and consumer to agree on the prices for the abovementioned products and services. In this way they will take on direct responsibility for the development, functioning and profitable operation of these economic sectors.

With new savings measures and economical operation, the new way of forming the price of electricity, coal, post and telecommunication services and rail transport will have no considerable effect on the prices of other products and services which depend on electricity, coal and transport. At the same time the FEC passed a decision excluding the prices of electricity and coal from its direct control.

SLOVENE CONSTITUTIONAL COMMISSION OPPOSES CHANGES

Further Shaping Necessary

AU221528 Belgrade BORBA in Serbo-Croatian 14 Jul 87 p 3

[V. S. report: "Changes for the Workers' Benefit"]

[Text] Ljubljana, 13 Jul -- The Constitutional Commission of the Slovene Assembly does not support the proposal for constitutional amendments. This was concluded at today's session, which discussed the work on constitutional amendments conducted to date.

Considering that the discussions held have not explained some differences in views about the content and goals of constitutional amendments, Miran Potrc, president of the Constitutional Commission of the Slovene Assembly, stressed that in the further shaping of constitutional changes one must make sure that the self-managing establishment of relations in social reproduction are enhanced in a unified Yugoslav market, and not increase the possibility of the state being drawn into the sphere of reproduction and workers' rights.

The strengthening of the work organization's role as the basic business and economic entity, said Potrc, must not be realized at the expense of the constitutional rights and responsibilities of workers in the basic associated labor organizations.

The session also concluded that the introduction of direct elections into the assemblies of all sociopolitical communities would mean interfering with delegates' relations. This is why direct elections would be only possible in places where difficulties objectively exist and have appeared, and where it is impossible to maintain permanent links between delegates and basic delegations.

The Constitutional Commission is of the opinion that the SFRY Assembly structure is such that it cannot be changed. This is why it was concluded that one should retain both chambers and the method of decisionmaking in the Chamber of Republics and Provinces on the basis of consent by the republican and provincial assemblies.

It was established that the general practice of the Federation's determination of joint bases or the system's principles in certain areas for which republics and provinces have been responsible up to now can, considering the current practice, easily lead to interference in the Federation's relations too.

At the conclusion it was pointed out that it is necessary to immediately inform the public about the content of the amendments' work basis and dilemmas, which have arisen in connection with some proposals.

Assembly Denies BORBA's Report

AU221540 Belgrade BORBA in Serbo-Croatian 15 Jul 87 p 3

[Explanation by the "Slovene Assembly's Secretariat for Information"]

[Text] In connection with the article "Changes for the Workers' Benefit" carried in BORBA of 14 July we ask that the following explanation be published:

The Constitutional Questions Commission of the Slovene Assembly did not reject the proposal for constitutional amendments at its session of 13 July as reported in the aforementioned article. In discussing constitutional changes the commission in its working session concluded that concrete proposals for constitutional amendments can only be formed within the framework of the 10th Slovene LC Congress and the 13th LCY Congress conclusions, the content of the SFRY Presidency proposal for initiating a process of amending the SFRY Constitution, and the Slovene Assembly's positions, which were adopted when the Assembly agreed with the SFRY Presidency's proposal. However, it is necessary that all basic and open questions are discussed, thoroughly examined, and that joint solutions are found before the preparations of the draft constitutional amendments.

HOSTILE GROUP ARRESTED IN TITOVA MITROVICA

AU221914 Belgrade BORBA in Serbo-Croatian 17 Jul 87 p 16

[N. S. report: "A Group of Separatists Behind the Bars"]

[Text] Titova Mitrovica, 16 Jul -- About a month ago the organs of state security arrested in a swift action an illegal hostile group that operated in an organized manner from the position of Albanian nationalism and separatism on the territory of the SAP of Kosovo.

The organs arrested five people under the suspicion that they had committed the criminal offense of meeting to conduct hostile activities against the SFRY. Ahmet Sadiku, who is a member of an extreme emigrant organization in the FRG, is still at large.

At present the following are under arrest: Ajse Osmani (44) housewife from Titova Mitrovica who is Ahmet Sadiku's sister, and her sons Remzi Osmani (25), owner of a grocery shop, and Merdi Osmani (22), unemployed, Emaz Metalari (49), from near Vitina who worked in the FRG until his arrest, and Hatidze Moriana (32), housewife from Prizren, who at one time used to work in the FRG.

SERBIAN LC HOLDS PLENUM ON KOSOVO 10 JULY

AU181600 Belgrade POLITIKA in Serbo-Croatian 10 Jul 87 pp 1-6

[Report on the Serbian LC Central Committee Plenum on Kosovo: "Debate Is Over"]

[Excerpts] The unity achieved at the Ninth LCY Central Committee Plenum on Kosovo received very strong support yesterday at the Serbian LC Central Committee Plenum, which discussed the direct tasks of the Serbian LC in the realization of socialist self-management, brotherhood, unity, and togetherness in Kosovo. Now is the time for unity in action. According to what was said yesterday at the Serbian LC Central Committee Plenum there is now greater readiness to proceed from words to deeds, to implement conclusions into real life, and to more successfully remove the consequences of the Albanian separatists' counterrevolution, reveal its causes, and start with political differentiation. This will, at the same time, represent a new barrier to the emigration of Serbs and Montenegrins under duress. The concreteness of the Serbian Communists' tasks carries in itself an obligation, implies responsibility for their completion, and a certain guarantee for achieving the constitutional equality for all the citizens of Kosovo, the SR of Serbia, and the SFRY.

The opening speech was made by Zoran Sokolovic, secretary of the Serbian LC Central Committee Presidium, and more than 30 people took part in the discussion. [passage omitted]

The first participant at yesterday's session of the Serbian LC Central Committee was Momcilo Milovanovic.

Having stressed that the conclusions adopted at the Ninth LCY Central Committee plenary session aroused real hopes and expectations of the LC members and all the working people and citizens that a decisive step toward solving the complex situation in the SAP of Kosovo can be made, Milovanovic said that the "proposal of direct tasks is a good concretization of the LCY Central Committee conclusions; they represent a decisive step toward a new approach, newe practice, and real resoluteness in the planning, programming, and especially implementing of what must and should be done." [passage omitted]

According to him, emigration from Koscov committed under duress must simply be halted, because in addition to being one of the most serious consequences of the situation in Kosovo, this is also the most drastic indicator of this situation. Therefore, even if a single man leaves Kosovo due to insecurity and lack of rights, this will be a sign that our policy did not succeed and that hostile forces in Kosovo are stronger than us, said Milovanovic. [passage omitted]

The direct tasks of the Serbian LC in the implementation of the Ninth LCY Central Committee Plenum conclusions and the opening speech represent sufficient basis for the Communists' work on organizing the LC organs in our Republic, but we must make sure that all the incumbents of the tasks mentioned in the proposal bear full moral, ideopolitical, and social responsibility for the tasks' consistent and timely realization in practice, concluded Gojko Andjelic. [passage omitted]

It is unacceptable that we still lack a deeper analysis of the phenomena that because the LC's action in halting negative social processes in Kosovo has been inefficient, the Kosovo LC membership increased by 1.7 percent, that only 137 members were expelled from the LC, and that the membership of 155 has lapsed. This trend in Serbia proper and in Vojvodina is completely opposite, said Gojko Andjelkovic. [passage omitted]

Much has been said about the situation in Kosovo so far. In any case, more has been said than done. This is why I should confine myself to only a few problems whose topicality increased since the recent LCY Central Committee session, said Ivan Stambolic, pointing to some problematic areas in the province.

In addition to the definite economic backwardness and lack of productivity in large economic, work, and investment projects, the demographic explosion in Kosovo has contributed not only to the existing social and economic environment, but also to the political situation. It is becoming increasingly obvious that Kosovo's faster economic growth cannot be viewed apart from a slower rate of population growth. Moreover, the idea of an ethnically pure Kosovo cannot be eradicated with only narrow political measures, but by working on demystifying the subject; by removing the taboo about the birth rate. This is of vital importance for all Kosovo citizens and for Albanians in particular. In a multinational environment such a striking and increasing demographic imbalance inexorably, and by itself, leads to the ethnic purity of a human environment with all its undesirable consequences.

The serious crisis situation of deeply disturbed intranational relations is also present in the superstructure -- in the cultural, scientific, and educational policies that have been conducted in Kosovo for some time. [paragraph continues]

It is well known that as far as national history is concerned, Albania youth has had their minds poisoned with lies about the self-sufficiency of Albanians in Kosovo. The process of healing the consequences of this great Albania, chauvinist seed thrown among young, critically still immature people will be very slow. Nationalist prejudice systematically sown in the heads of children cannot be cured by punishment as the first and main measure, particularly because this is morally and politically unacceptable as long as those responsible for poisoning the youth or those who facilitated it are evading the punishment. [passage omitted]

According to Stambolic, the top political organ of the LCY has cut many Gordian knots. In view of its session "we are obliged to more resolutely and energetically enter into all the spheres of inadequately delegated, mingled, or unnamed jurisdiction, competence, and responsibilities in provincial, republican, and federal organs."

Preoccupied with bureaucracy and statism and blinded by a monopolistic way of economic decision-making, especially with the division of the funds for undeveloped parts of the country, state organs in Kosovo have, whether deliberately or not, forgotten that in doing that they got involved in something that should be preeminently the job of self-managing organs. Instead of stimulating the self-managing course in the sphere of economy, state organs have almost withered in respect of what their basic constitutional tasks are -- that is to, as state organs, protect the system, ensure equality of all the peoples and nationalities before the law, and protect the Constitution. In brief, they have ignored the jobs that all the countries in the world still and will for some time continue to render necessary, Stambolic and added:

No state organ, no incumbent must be allowed to either accidently or deliberately do what they are not authorized to do by the Constitution or laws. Bureaucracy's obstinacy is driving citizens into an unequal position, undermining the reputation, authority, and trust of the state power in general. [passage omitted]

Changes in the normative part of Serbia's Constitution are not some kind of cabinet need of idle politicians. They have been imposed by life, and this is why we should follow it up. The proposed changes do not lead to the replacement of one nation's unequal position with the unequal postion of another nation. The essence of these changes is to widen rather than to narrow the rights of all citizens, and the creation of possibilities to improve equality among the peoples and nationalities in the SR of Serbia. [passage omitted]

Sefcet Mustafa spoke extensively about some issues in connection with the province's economy and economic development. He said that despite some results achieved, the economic situation in Kosovo continues to be grave. Sociopolitical tenets and tasks on the fastest possible development of the province are not fully realized, and the province's relative lagging behind in relation to the country's average as well as the average of developed republics continues. This adversely affects the political situation and unavoidably requires greater organization and resolve in the complete realization of the set policy, said Mustafa. [passage omitted]

The Kosovo LC Provincial Committee will, at its session today, make a lists of tasks, which should represent the maximal concretization of the Ninth LCY Central Committee Plenum conclusions, specifying the names of those responsible for carrying them out and their time limits, said Azem Vlasi. He stressed that the conclusions of the Ninth LCY Central Committee Plenum were well received in the province.

Our action, said Vlasi, will be wide and complex and, literally speaking, will not bypass any questions initiated at the Ninth LCY Central Committee Plenum, nor will we forget the tasks set by the LCY Central Committee Presidium and the SFRY Presidency on the federal level and the policy established by 13th LCY Congress resolutions. The focus of action will be four key questions: the realization of constitutionality, legality, and the more effective removal of all the problems of sluggishness and bureaucratic behavior, which continue to burden the work of the institutions and organs of justice in Kosovo. [as published]

According to Vlasi, one of the main tasks of the Kosovo LC Provincial Committee will be the implementation of measures to halt the emigration of Serbs and Montenegrins as well as the more effective fight against all forms of hostile activities, which continue to manifest themselves in various ways, particularly from the positions of Albanian nationalism. This struggle, Vlasi said, can only be waged and won if it is carried and led by socialist forces in Kosovo, especially by those from the ranks of the Albanian nationality with, of course, the help and support of the Communists and other progressive forces in the republic and the country. [passage omitted]

Satisfactory results in implementing the conclusions of the Ninth LCY Central Committee Plenum cannot be achieved only through a more intensive action of the organs of sociopolitical organizations and a greater number of meetings and various gatherings, but also by the activities organizations, organs, and individuals adopting a different approach, said Radisa Gacic.

If we had assessed that the counterrevolution occurred because of wrong policies in certain spheres, we should have been more precise in naming those most responsible for these policies and establish the extent of guilt that would have corresponded to the gravity of mistakes, at least as far as the most prominent and responsible individuals are concerned, said Gacic. If this was not done 6 years ago, then it should be done now. [passage omitted]

If the process of differentiation is slow, Gacic continued, what are the reasons for it, who is responsible for it? Without a clear explanation about who is in what position, there will be no stabilization of the situation. One should find out as soon as possible the actual attitudes the cadre has toward Albanian nationalism and separatism as well as the kind of attitudes they have toward the current LCY policy and action.

It is a question of whether or not we are effectively doing our job in the struggle against the counterrevolution if we sentence a large number of young people for hostile activities, if there is no adequate scientific criticism and a legal process of differentiation from the fighters for the various so-called scientific thesis and scientific truth and with the writers of books, which falsify historic facts and who are in the service of nationalist indoctrination, if we still have in education individuals who behave in a nationalist manner, and who influence the indoctrination of these young people and created nationalists and enemies of their country, asked Gacic, adding that the sources of this have not been cut off effectively and that the causes of indoctrination have not been eliminated. One ought to proceed with the further, more courageous differentiation of that cadre in various positions in educational institutions. It would be worth finding out whether prominent artists and scientific workers of Serb and Montenegrin nationality are in the same position as Albanians regarding their rights on professional training, material position, opportunities for public appearances, presentation of their work in Kosovo, Yugoslavia, and the world, Gacic suggested. [passage omitted]

Branislav Ikonic expressed his conviction that conditions have now been created in a qualitatively different way for a resolute destruction of counterrevolutionary activities in Kosovo, unmasking separatist nationalist ideology and its proponents, stemming the emigration of Serbs and Montenegrins from Kosovo, and the return of emigrants and other people who are prepared to contribute to the settling of the situation and a faster development of our province. At the same time this means an elimination of every division among nationalities, a restoration of full trust and equality among the nationalities, and a return to the road of brotherhood and unity and development of Kosovo as an integral part of Serbia and Yugoslavia. This implies that the direct tasks of the LC of Serbia should serve the same purpose both in their content and clarity. [passage omitted]

Slobodan Milosevic, president of the Presidium of the Central Committee of the LC of Serbia, spoke at the conclusion of the session. Among other things he said:

The session today has been dominated by the awareness that we are finally beginning to resolve Kosovo's problems in an efficient way.

I, too, think that we have begun to do it despite the tremendous obstacles that we had and still have. [passage omitted]

The first success was the very LCY Central Committee session devoted to Kosovo and the conclusions unanimously adopted at that session.

The unity that we achieved there imposes an obligation to be united in action, which is even more important. This means that those who did not agree with some positions while the LCY Central Committee conclusions were being framed are also obliged to work actively on implementing them, now that the debate is concluded. Therefore, precisely those comrades who openly expressed their disagreement with certain positions while the democratic debate about them lasted now have a chance to demonstrate their consistent communist adherence to the principle of democratic centralism.

In this sense it is good that this session today did not again analyze the Kosovo situation and again adopt political assessments. This was done at the LCY Central Committee session. It is our task to implement these conclusions as soon as possible. [passage omitted]

Translated into an ordinary, everyday language, the tasks we are adopting today should ensure, for instance, that the internal affairs organs should equally protect the security of all the citizens, and especially of children and youths, at the work place, in the street, at school, and at home; that courts should pronounce strict sentences for rapes and other physical abuse on a national basis; that associated labor organizations should take on everybody who wants to return to Kosovo, that banks should grant them loans for building houses; that education and information should not serve nationalism but brotherhood; that the process of differentiation against the protagonists of the counterrevolution and those who were favorably disposed toward them should be swift and that it should refer to all, regardless of whether they be Albanians, Serbs, Montenegrins, or others -- it does not matter what.

In order that such tasks should be accomplished, great unity is needed. I would say that the latest plenum of the LCY Central Committee was held under this sign.

It is clear in Yugoslavia that Kosovo, like other big problems of our society, may be solved only under the condition of unity of all the Yugoslav peoples and nationalities; unity in the LCY is especially necessary in this respect.

As concerns Kosovo, such unity is of decisive importance in Serbia. This unity in the LC and in the leadership is of such importance that unless it is achieved, Kosovo will not be resolved and we will be entering a crisis from which there will be no exist via a democratic road.

Among other things, this plenum indicated this danger, too.

Therefore, in case that disunity arises in the realization of the policy and the tasks that we are adopting today, we shall hold another plenum of the Serbian central Committee so that not only the members of the Central Committee, but also the members of the LC of Serbia and public at large, may learn about the difficulties that we have in the implementation of the Kosovo tasks assumed today.

The tasks we are adopting here are binding on the Provincial Committee, the City Committee of the LC of Belgrade, the LC intercommunal conferences, all the communal committees and university committees, of the LC, the LC organizations and the Communists in the territory of the SR of Serbia. The tasks may and should be further made more operational and specific during the process of their realization. However, they cannot be refashioned, watered down, or postponed.

Nobody is Irreplaceable in His Office [subhead]

Any opportunism, watering down, refashioning, and especially any direct opposition to the implementation of the Conclusions and Positions of the LCY Central Committee and the Central Committee of the LC of Serbia must meet with energetic reaction by every LC member, and especially the LC organs and this Central Committee.

He who is not able to accept them or to take part in such a policy should take up some other, quieter and easier job.

An army of young and educated people, wanting to show their knowledge and boldness, wait to replace such people.

As is known, we do not lack educated people. There is not reason why anybody should stay in office even when it is obvious that he is not particularly successful, as if we were short of cadres, or as if these young, educated people -- even if they are angry -- could not become cadres.

After all, only those who are educated and angry may push matters forward.

We heard appeals for keeping cool and calm where Kosovo is concerned, for instance, for 6 years. This policy was shown to be unsuccessful and wrong in practice.

A cool head, as it can be seen now, has not stopped rapes, humiliations, and emigration, but has stimulated them.

The counterrevolution will not wait while we discuss matters and vote on them.

Such practice could compromise democracy and bring to the scene completely undemocratic, not to say rightist, forces. Those forces count on our irresolution and disunity.

Counterrevolution Will Not Wait While We Talk [subhead]

Unity and resolution are therefore the key to solve Kosovo.

But to solve Kosovo is not merely in the interest of the Serbs and Montenegrins, but in the interest of everyone, and in Kosovo above all in the interest of the Albanians. It is not in their historical interest for them to live in a reservation, protected from the Serbs and the Montenegrins and other Yugoslavs, but on the contrary, it is in their interest through economic and cultural development, together with all others, to get closer to the developed parts of Europe and the world.

We all have had enough wars and hunger. The people have good reason to have had enough wars and hunger. It is time for peace and justice, but also for prosperity. Therefore we say that if anything should be changed in the comprehension of socialism, it is the fallacy that socialism must necessarily be a poor society.

Socialism Without Intolerance and Hatred [subhead]

Our goal, that the workers class should manage society, should also imply that this society should get ever richer. It is not the goal of socialism, after 40 years of building, that people should not find bread expensive, but that automobiles should not be expensive; not that the people should be happy if they get a one-room apartment, but that they should be pleased to be able to build a house; not that they should seek connections so that they may get a job, medical treatment, admission to university studies, or a telephone, but that in material and legal security they may use their rights and bear their obligations in a dignified way.

Such socialism may be built and completed only by citizens who are free from the burden of intolerance and hatred, regardless of whether these are based on national, religious, or any other causes. They all belong to the storehouse of the past, which must be left behind, where its place is, so that we may have free hands and sober heads for the future. But for the present, which must not be underestimated: we all live in it together, Slobodan Milosevic said in conclusion.

Differences Arise

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[D. Drazic, V. Krsmanovic, and D. Radevic report on the conclusion of the plenum of the Serbian LC Central Committee in Belgrade on 9 July]

[Excerpts] Belgrade, 9 Jul -- The unity attained at the ninth session of the LCY Central Committee, devoted to Kosovo, received a strong confirmation at a 10-hour session of the Serbian LC Central Committee, at which direct tasks of the LC of Serbia in implementing socialist self-management, brotherhood and unity, and togetherness in Kosovo were unanimously adopted. [passage omitted]

However, the Central Committee was note united on one of the 50 points of the direct talks. The Presidium of the Provincial Committee of the Vojvodina LC proposed an amendment to Point 11, but the amendment was not adopted because only 37 members of the Central Committee voted for it. [passage omitted]

During the discussion, several speakers referred to Point 11 of the proposed tasks and the Vojvodina amendment. Reporting on behalf of the Conclusions Committee, Petar Gracanin informed the Central Committee members that the Commission, bearing in mind the discussion as a whole and the obligations proceeding from the conclusions of the Ninth LCY Central Committee session, considers that this amendment should not be adopted, because Point 11 works out in more detail and more specifically the obligations set in Point 9 of the Conclusions of the LCY Central Committee. A mere repetition of the LCY Central Committee conclusions, that in effect are proposed by this amendment, does not meet the duty of this Central Committee to make matters more specific, Gracanin said. Marijana Pajvancic and Bajram Gasi, members of the Commission, gave dissenting opinions on this point, Gracanin stressed.

Before a vote was taken, Slobodan Milosevic, president of the Presidium of the Serbian LC Central Committee, drew attention to a certain reservation regarding Point 11 by a number of Central Committee members, as well as to the fact that the Presidium of the Central Committee of the LC of Serbia in proposing this point bore in mind, Milosevic added, so that the wording of Point 11 therefore is not a consequence of a lack of comprehension that the procedure on amending the Constitution is under way, but a consequence of the conviction that the Central Committee must take a stand on this important question.

After the vote was taken on this amendment, Stevan Sogorov took the floor, and he considered it necessary to say that constitutional changes were not the subject of this session. What is offered in Point 11 of the Draft Conclusions is outside the scope of what was unanimously adopted in Point 9 of the LCY Central Committee Conclusions. Similar proposals were also made at the Ninth LCY Central Committee session, but they were not adopted. Therefore it cannot be acceptable today that a passage which prejudices the constitutional changes should be inserted in the direct tasks about Kosovo. I have been authorized by a number of Central Committee members, Sogorov said, to say on their and my own behalf that we support and accept all the points of the Direct Tasks expect Point 11, on which we offer a dissenting opinion.

Bajram Gasi was the next to take the floor and he explained that he expressed his dissenting opinion in the Commission, believing that the proposed wording of Point 11 exceeds the scope of Point 9 of the LCY Central Committee Conclusions. [passage omitted]

[The following passage is printed in bold print within the body of the item]

From the Direct Tasks on Kosovo of the Serbian LC Central Committee: Point 11 [subhead]

No legal voids, nor any discrepancy between the regulations and practice, nor any conflict relationships may be allowed in the protection of the legal security of citizens. The forthcoming changes in the Constitution of the SR of Serbia must therefore provide the conditions and guarantees for the protection of these rights before the appropriate organs of the SR of Serbia, too....

In their work on the constitutional changes, the LC leaderships should strive that the Constitution of the SR, of Serbia should as fully as possible express the complexity of the SR of Serbia as a state and as a community containing two provinces, proceeding also from the fact that the provinces are at the same time constituent elements of Yugoslav federalism. The existence of socialist autonomous provinces is an expression of objective historic and contemporary social needs and circumstances. [paragraph continues]

It represents not only one of the guarantees of equal national relations but also a condition for the further development of socialist, democratic relations in the SR of Serbia and Yugoslavia.

The Constitution of the SR of Serbia should even more fully define the basic foundation of the equality of the peoples and nationalities, self-managing unity of society, and the further development of self-managing socialist democracy. Work on the amendments should be based on the striving that the responsibility of the republic for the autonomy of the provinces, and the responsibility of the provinces for the democratic socialist unity of the republic, should be strengthened. In the sphere of material relations, the unity of the republic should be built on the foundations of self-management and accords, which is to say a further strengthening of the socialist production relationship. Unity should also be expressed in the sphere of state system functions [sistemske drzavne funkcije]

In the normative part of the Constitution of the SR of Serbia, it is necessary to render more precise the provisions that are insufficiently clear or insufficiently elaborated and that constitute a hindrance to the implementation of the constitutional position of the SR of Serbia and of the province within it, and to the implementation of unity in the republic. The discussions conducted so far and the analyses made have shown that in this respect, the question arises above all of the scope and the content of the laws that are applied uniformly in the territory of the SR of Serbia, the manner of adopting them, and the attitude regarding their implementation, problems connected with the adoption and implementation of the Social Plan of the SR of Serbia, and the powers of the Presidency of the SR of Serbia and other organs of the republic.

....A consistent implementation of, and respect for, basic human and civil freedoms and rights determined by the constitution must necessary be ensured for the entire territory of the SR of Serbia, and for this purpose relevant changes should also be made in the overall system of criminal, legal, and other protection.

BRIEFS

LARGER BANKNOTES INTRODUCED -- Belgrade, July 22 (TANJUG) -- New banknotes worth 10,000, 20,000 and 50,000 are to be issued in Yugoslavia shortly. The decision was taken by the Assembly of Yugoslavia today. The main reason for the move lies in a speedy growth of money in circulation as a result of high inflation. As set out by National Bank of Yugoslavia official Velimir Drecun today, over two billion paper banknotes and around two billion coined money is in circulation at present. This high quantity of paper is causing problems not only to citizens but also to banks and accounting. Opting for banknotes of ten, twenty and fifty thousand, the Yugoslav Federal Government and the National Bank of Yugoslavia had in mind also the experience of other countries which have had large banknotes for a long time, but unlike Yugoslavia have no trouble with high inflation. [Text] [Belgrade TANJUG in English 1154 GMT 22 Jul 87 LD]